

ANTI MONEY LAUNDERING POLICY

FORTUNE FISCAL LTD - Depository Participant and Stock Broker

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INTRODUCTION :

1. The **Prevention of Money Laundering Act, 2002 (PMLA)** has been brought into force with effect from 1st July, 2005. Necessary Notifications / Rules under the said Act have been published in the Gazette of India on 1st July 2005 by the Department of Revenue, Ministry of Finance, and Government of India.
2. 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, Authorised Person**, 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:
 - ❖ All cash transactions of the value of more than Rs.10 lakhs or its equivalent in foreign currency.
 - ❖ 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.
 - ❖ 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.
3. The Anti-Money Laundering Guidelines provides a general background on the subjects of money laundering and terrorist financing in India and provides guidance on the practical implications of the PMLA. The PMLA Guidelines sets out the steps that a registered intermediary and any of its representatives, need to implement to discourage and identify any money laundering or terrorist financing activities.

OBJECTIVE :

The main objectives of the PMLA are as follows:

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.

GUIDELINES:

Broker being a SEBI registered intermediaries have to comply with spirit of anti money laundering provisions. To comply with PMLA, the following three specific parameters should be observed, which are related to the overall **Client Due Diligence Process**:

1. Policy for acceptance of clients;
2. Procedure for identifying the clients;
3. Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR).

Client / Customer Due Diligence (CDD):

For the purpose of CDD, Broker is dealing with institutional clients. According to SEBI regulation / rules Institutional clients includes:

- Banks
- Mutual Funds
- Foreign Institutional Investors (FII)
- Financial Institutions
- Insurance Companies

According to SEBI, all trades done by institutional client should be settled through Clearing House. In clearing house trade, trades are settled by Broker and custodian of the respective client.

In view of above, following steps to be taken to comply with **'Customer Due Diligence'** process before registering as client:

- Obtain basic details for the purpose of the complying with KYC norms prescribed by SEBI.
- List of Directors and authorized person to trade on behalf of client and copy of Board resolution to that effect.
- Obtain SEBI registration number.
- Custodian details with whom client trade to be settled.
- Obtain contact details of client front / back office and contact person.
- Obtain PAN NO. (Income Tax number).
- Obtain risk Disclosure Document duly executed by prospective client as prescribed by SEBI.

The client / customer due diligence (CDD) measures comprise the following:

1. Client Information & Identity :

Before registering client, we obtain antecedent information. Verify independently information submitted by client but not limited to his identity, registered office address, correspondence address, contact details, occupation, Promoters / Directors, source of income, experience in securities market, PAN no. SEBI Registration No. etc. Obtain as many as information. Generally Institutional client are recognize at global level. We need to verify client's identity and origin using services of Bloomberg, Reuters, internet services or any other reliable, independent source documents, data or information. After verifying information, registration form along with other supporting documents should be approved by Compliance Officer designated for verification.

2. Beneficial Ownership and control:

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.

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.

3. Ongoing due diligence and scrutiny :

The Customer Due Diligence Process includes three specific parameters -:

3.1 Policy for acceptance of clients

3.2 Client Identification Procedure.

3.3 Suspicious Transaction Procedure.

Before registering client, we need to identify the following details of the prospective client :

Individual	<p>Proof of Identity (POI) :</p> <ul style="list-style-type: none"> • PAN card with photograph • Aadhaar/ Passport/ Voter ID card/ Driving license. • Identity card / Document with applicant photo issued by Government and Regulators. <p>Proof of Address (POA):</p> <ul style="list-style-type: none"> • Utility Bills • Bank account statement / passbook- Not more than 3 months old. • Self Declaration by High court and Supreme court judges, giving the new address in respect of their own accounts.
Corporate / Partnership Firm / Trust	<p>POA and POI as above plus :</p> <ul style="list-style-type: none"> • Copy of the balance sheets for the last 2 financial years (to be submitted every year) • Copy of latest share holding pattern duly certified by company secretary. • POI, POA, PAN and DIN numbers of the Whole time Director/ @ directors in charge. • Copies of MOA and AOA along with certificate of incorporation. • Copy of board resolution in securities market. • Authorised signatories list with specimen signatures.
HUF	<p>POA and POI as above plus :</p> <ul style="list-style-type: none"> • PAN of HUF • Deed of declaration of HUF/ List of Coparceners. • Bank passbook statement in the name of HUF.
Unincorporated Association or BOI	<p>POA and POI as above plus :</p> <ul style="list-style-type: none"> • Proof of existence/Constitutional document. • Power of attorney granted to transact business.
Foreign Institutional Investors	<p>POA and POI as above plus :</p> <ul style="list-style-type: none"> • Copy of SEBI Registered Certificate. • Authorized signatories list with specimen signatures.
Army / Government Bodies	<p>POA and POI as above plus :</p> <ul style="list-style-type: none"> • Self-certification on letter head. • Authorized signatories list with specimen signatures.
Registered Society	<p>POA and POI as above plus :</p>

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| | <ul style="list-style-type: none"> • Copy of Registered Certificate under Societies Registration Act. • List of committee members and signatures. • True copy of Society bye laws certified by chairman/secretary. |
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The following safeguards are followed while accepting the clients:

- a) The client account should not be opened in a fictitious / benami name or on an anonymous basis.
- b) Risk perception of the client need to defined having regard to :
 - 1 Client's' location (registered office address, correspondence addresses and other addresses applicable);
 - 2 Nature of business activity, tracing turnover etc. and
 - 3 Manner of making payment for transactions undertaken.

The parameters of clients into **low, medium and high risk** should be classified. Clients of special category (as given below) may be classified as higher risk and higher degree of due diligence and regular update of KYC profile should be performed.

- c) Documentation like KYC, Broker-client agreement and Risk Disclosure Document and other information from different category of client prescribed by SEBI and any other regulatory authority to be collected depending on perceived risk and having regard to the requirement to the Prevention of Money Laundering Act, 2002, guidelines issued by RBI and SEBI from time to time.
- d) Ensure that a client account is not opened where the organization is unable to apply appropriate clients due diligence measures / KYC policies. This may be applicable in cases where it is not possible to ascertain the identity of the client, information provided to the organization is suspected to be non-genuine, perceived non-co-operation of the client in providing full and complete information. Discontinue doing business with such a person and filing a suspicious activity report.
- e) Do not accept clients with identity matching persons known to have criminal background.
- f) (i) One certified copy of an 'officially valid document'(OVD) containing details of his identity and address, one recent photograph and such other documents including in respect of the nature of business and financial status of the client, OVD includes:
 - A. The passport,
 - B. the driving license,
 - C. proof of possession of Aadhaar number,
 - D. the Voter's Identity Card issued by Election Commission of India,
 - E. job card issued by NREGA duly signed by an officer of the State Government and
 - F. the 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.
- (ii) PML Rules allows an investor to submit other OVD instead of PAN, however, in terms of SEBI circular MRD/DOP/Cir- 05/2007 dated April 27, 2007 the requirement of mandatory submission of PAN by the investors for transaction in the securities market shall continue to apply.
- (iii) The RI shall forward the KYC completion intimation letter through registered post/ speed post or courier, to the address of the investor in cases where the investor has given address other than as given in the OVD. In such cases of return of the intimation letter for wrong / incorrect address, addressee not available etc., no transactions shall be allowed in such account and intimation shall also sent to the Stock Exchange and Depository.

g) Clients of special category (CSC):

Be careful while accepting Clients of special category (CSC). Following is an illustrative list-

1. Non-resident clients (NRI);
2. High Net worth clients (HNI)
3. Trust, Charities, NGOs and organizations receiving donations.
4. Companies having close family shareholdings or beneficial ownership.
5. Politically exposed persons (PEP) of foreign origin
6. Current /Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, close advisors and companies in which such individuals have interest

- or significant influence);
7. Companies offering foreign exchange offerings;
 8. Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy. Countries active in narcotics production, Countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following -- Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent;
 9. Non-face to face clients;
 10. Clients with dubious reputation as per public information available etc.;

The above mentioned list is only illustrative and we shall exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not.

Acceptance of clients through Risk-Based Approach:

The clients may be of a higher or lower risk category depending on circumstances such as the customer's background, type of business relationship or transaction etc. We should apply each of the clients due diligence measures on a risk sensitive basis. We should adopt an enhanced customer due diligence process for higher risk categories of customers. Conversely, a simplified customer due diligence process may be adopted for lower risk categories of customers. In line with the risk-based approach, we should obtain type and amount of identification information and documents necessarily dependent on the risk category of a particular customer.

Category	Illustrations (Indicative)
Low risk clients	These are clients with low or nil risk. For eg., Good corporate / HNIs having a respectable social and financial standing.
Medium risk clients	Intra-day clients or speculative clients.
High risk clients	Clients with suspicious background. Do not have financial status, etc.
Category of Special Clients	CSC list as mentioned in point 'f' above.

➤ Client identification procedure:

To follow the Client Identification procedure we need to follow the following factors:

- The 'Know Your Client' (KYC) policy should be strictly observed with respect to the client identification procedures which need to be carried out at different states i.e. while establishing the Broker - client relationship, while carrying out transactions for the client or when have any doubts regarding the veracity or the adequacy of previously obtained client identification data.
- The client should be identified by using reliable sources including documents / information. Obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
- The information should be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed in compliance with the Guidelines. Each original documents should be seen prior to acceptance of a copy and it is verified and duly attested.
- Failure by prospective client to provide satisfactory evidence of identity should be noted and reported to the higher authority within the organization.
- SEBI has prescribed the minimum requirements relating to KYC for certain class of the registered intermediaries from time to time. Taking into account the basic principles enshrined in the KYC norms, internal guidelines should be followed in dealing with clients and legal requirements as per the established practices. Also maintain continuous familiarity and follow-up where it notices inconsistencies in the information provided by the client. The principles enshrined in the PML Act, 2002 as well as the SEBI Act, 1992 should be followed, so that Company is aware of the clients on whose behalf it is dealing.

➤ **Reliance on third party for carrying out CDD.**

- We may 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.Provided such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.
- Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of the PML Rules and shall be in accordance with the regulations and circulars / guidelines issued by SEBI from time to time. Further, it is clarified that we shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable

➤ **Procedure for freezing of funds, financial assets or economic resources or related services :**

We are aware that under section 51A of Unlawful Activities (Prevention) Act, 1967, 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. The Government is also further empowered to 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.

In case if any client is found to be guilty under the PMLA provisions then the following procedure will be followed by the Company:

1. If the particulars of any of customer/s match the particulars of designated individuals/entities, the Company shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held in the form of securities, held by such customer on their books to the Joint Secretary (IS-I), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736. The Company would also convey the information through e-mail at jsis@nic.in.
2. The Company would inform the IS-I Division of MHA so that they may take effective action like informing the State Police and /or the Central Agencies for conducting the verification of the individuals/ entities identified by the registered intermediaries.
3. The Company to provide full support to the appointed agency for conducting of the verification so that the verification gets completed within a period of 5 working days
4. The Company would not provide any prior notice to the designated individuals/entities.

➤ **Procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person**

Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held by them has been inadvertently frozen, shall move an application giving the requisite evidence, in writing, to the concerned stock exchanges/depositories and registered intermediaries. The stock exchanges/depositories and registered intermediaries shall inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the nodal officer of IS-I Division of MHA as per the contact details given in paragraph 5(ii) above within two working days. The Joint Secretary (IS-I), MHA, being the nodal officer for (IS-I) Division of MHA, shall cause such verification as may be required on the basis of the evidence furnished by the individual/entity and if he is satisfied, he shall pass an order, within fifteen working days, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant under intimation to the concerned stock exchanges, depositories and registered intermediaries. However, if it is not possible for any reason to pass an order unfreezing the assets within fifteen working Days, the nodal officer of IS-I Division shall inform the applicant.

General Guidelines

- Always check original documents before accepting the copies
- Obtain the latest photograph of account holder/ authorized person(s).
- Check for latest IT return of the client/ Net worth Certificate for ascertaining the financial status of the client to know the client suitability of the product being sold to the client.
- Review the above details on-going basis to ensure that the transactions being conducted are consistent with our knowledge of customers, its business and risk profile, taking into account, where necessary, the customer's source of funds.
- Scrutinize the forms submitted by the client thoroughly and cross check the details with various documents obtained like source of income. If required, ask for any additional details like salary slips, etc. to satisfy yourself whenever there is a doubt.
- For scrutiny / background check of the clients, websites such as www.watchoutinvestors.com should be referred. Also, Prosecution Database / List of Vanishing Companies available on www.sebi.gov.in and RBI Defaulters Database available on www.cibil.com can be checked.

Periodic Review:

- Documents taken during the CDD process shall be updated in case of inactive clients at the time of reactivation. Inactive client mean having no transaction since last 2 years.
- Conduct review of the information submitted by the client on yearly or more on the basis depending on the category of the client.
- Keep proper check on the bank statement and tax returns of the client on periodic basis.
- Monitor unusual large transactions which exceeds the threshold limit provided to the client.

Appointment of Principal Officer:

1. To ensure that the company properly discharges its legal obligations to report suspicious transactions to the authorities, the Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors.
2. Mr. Rikin Shah, designated as Principal Officer, is appointed by the organization to report the suspicious transactions to the authorities and discharge legal obligations.
3. Details of the principal officer or any changes thereof such as name, designation and address shall be intimated to the office of FIU immediately.

Appointment of Designated Director

1. In addition to the existing requirement of designation of a Principal Officer, the company shall also designate a person as a 'Designated Director'. In terms of Rule 2 (ba) of the PML Rules, the definition of a Designated Director reads as under:

“Designated director means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and includes -

 - a) the Managing Director or a Whole-Time Director duly authorized by the Board of Directors if the reporting entity is a company,
 - b) the managing partner if the reporting entity is a partnership firm,
 - c) the proprietor if the reporting entity is a proprietorship firm,
 - d) the managing trustee if the reporting entity is a trust,
 - e) a person or individual, as the case may be, who controls and manages the affairs of the reporting entity if the reporting entity is an unincorporated association or a body of individuals, and
 - f) such other person or class of persons as may be notified by the Government if the reporting entity does not fall in any of the categories above.”
2. Mr. Jayesh Ramniklal Shah was appointed as Designated Director is also appointed to comply with the Anti-Money laundering provisions as directed by SEBI.
3. The details of the Designated Director shall also be reported to the office of the Director FIU-

IND.

4. The company shall communicate the details of the Designated Director, such as, name designation and address to the Office of the Director, FIU - IND.

Record Keeping:

For the purpose of the record keeping provision, we shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, 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:
 - The origin of the funds;
 - The form in which the funds were offered or withdrawn, e.g. cash, cheques, etc;
 - The identity of the person undertaking the transaction;
 - The destination of the funds;
 - The form of instruction and authority.

We shall ensure that all client and transaction records and information are made available on a timely basis to the competent investigating authorities. Where required by the investigating authority, we shall retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed there-under PMLA, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.

Retention of Records:

The following document retention terms are observed by Fortune Fiscal Ltd :-

- a. The company shall take appropriate steps to evolve an internal mechanism for proper maintenance and preservation of such records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. Further, the records mentioned in Rule 3 of PML Rules have to be maintained and preserved for a period of eight years from the date of cessation of the transactions.
- b. All necessary records on transactions, both domestic and international, shall be maintained at least for the minimum period prescribed under the relevant Act and Rules (PMLA and rules framed thereunder as well SEBI Act) and other legislations, Regulations or exchange bye-laws or circulars, from the date of cessation of the transactions.
- c. The company shall maintain and preserve the records of documents evidencing the identity of its clients and beneficial owners (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 eight years from the date of cessation of the transaction.
- d. 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 until it is confirmed that the case has been closed.

EMPLOYEES' HIRING/TRAINING and INVESTOR EDUCATION:

1. Employees' Hiring

- Proper screening procedures shall be in place while hiring employees.
- The company ensures that the employees taking up such key positions are skilled, proficient and have high integrity.
- Proper measures are taken to check the previous employment details of the employee as well as his/her background.
- They shall identify the key positions within its own organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties.

2. Employees' Training

- The company carries out periodic training programme for the staff in Anti Money Laundering procedures and understands the rationale behind the directives, obligations and requirement.
- Training requirements shall have specific focuses for frontline staff, back office staff, compliance staff, risk management staff and authorized Person staff dealing with new 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.
- The AML/CFT training Program consists of four fundamental elements, as outlined below :
 - Customer Acceptance Policy
 - Customer Identification Procedures
 - Monitoring of transactions & reporting.
 - Risk Management.

3. Investor education

- Implementation of AML/CFT measures requires FFL to demand certain information from investors which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc.
- The company explains the client about the requirements and provisions of Anti Money Laundering.
- The fiduciary persons in our Organization shall efficiently explain regulatory requirements and benefits of adhering to the KYC guidelines and seek co-operation of the client.

Monitoring of transactions:

Regular monitoring of transactions is required for ensuring effectiveness of the Anti Money Laundering procedures.

The company shall pay special attention required to all complex, unusually large transactions / patterns which appear to have no economic purpose. The company may specify internal threshold limits for each class of client's accounts and pay special attention to the transaction, which exceeds these limits.

The company shall ensure that the records of transaction is preserved and maintained in terms of the PMLA 2002 and that transaction of suspicious nature or any other transaction notified under section 12 of the act is reported to the Director, FIU-IND. Suspicious transactions should also be regularly reported to the higher authorities within the company.

Further the Compliance Department shall randomly examine select transaction undertaken by clients to comment on their nature i.e. whether they are in the suspicious transactions or not.

All regulatory alerts generated by the Market Infrastructure Institutions (MIIs) shall be monitored by the Principal Officer for necessary action to be taken.

➤ **Suspicious Transaction Monitoring & Reporting:**

The company shall ensure that appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting suspicious transactions. While determining suspicious transactions, company shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time.

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.

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 bonafide purpose

Reasons for Suspicion:

- 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.
 - 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.

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.

When to Report

- (i) In terms of the PMLA rules, the company is required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address.

Director,
Financial Intelligence Unit-India (FIU-IND)
6th Floor, Hotel Samarat,
Chanakyapuri,
New Delhi - 110021,

- (ii) The company shall carefully go through all the reporting requirements and formats that are available on the website of FIU - IND under the Section Obligation of Reporting Entity - Furnishing Information - Reporting Format (https://fiuindia.gov.in/files/downloads/Filing_Information.html). These documents contain detailed directives on the compilation and manner/procedure of submission of the reports to FIU-IND. The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents. While detailed instructions for filing all types of reports are given in the instructions part of the related formats, the company shall adhere to the following:

Report	Description	Due Date
CTR	All cash transactions of the value of more than Rs.10 Lakhs or its equivalent in foreign currency	15th day of the succeeding month
	All series of cash transactions Integrally connected to each other which have been valued below Rs.10 Lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month.	15th day of the succeeding month
CCR	All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions.	15th day of the succeeding month
STR	All suspicious transactions whether or not made in cash.	Not later than seven working days on being satisfied that the transaction is suspicious.
NTR	Non Profit Organization Transaction Report.	15th day of the succeeding month

- (iii) No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/ non - profit organization transactions to be reported.
- (iv) The company shall not put any restrictions on operations in the accounts where an STR has been made. The company and its directors, officers and employees (permanent and temporary) shall be prohibited from disclosing (“tipping off”) the fact that a STR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR and / or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level. It is clarified that the company, irrespective of the amount of transaction and / or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR if company has reasonable grounds to believe that the transactions involve proceeds of crime.

➤ Risk Assessment

- (i) We shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to clients, countries or geographical

areas, nature and volume of transactions, payment methods used by clients, etc. The risk assessment shall also take into account any country specific information that is circulated by the Government of India/ SEBI 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. These can be accessed at: http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and <http://www.un.org/sc/committees/1988/list.shtml>

- (ii) The risk assessment carried out shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. The assessment shall be documented, updated regularly and made available to competent authorities and self regulating bodies, as and when required.

➤ **Amendment to Gazette Notification Dated June 01, 2017 and December 13, 2017:**

As per Gazette Notification Dated December 13, 2017, To provide for submission of Aadhaar Number, Where The Client Enters Into an Account Based Relationship with Reporting Entity And To Revise The Existing Timelines For Submission of Aadhaar Number To March 31, 2018 or Six Months From The Date Of Commencement Of Account Based Relationship By The Client, Whichever Is Later.

In Case Of Failure To Submit The Documents Within The Aforesaid Time limit, The Account Shall Cease To Be Operational Till The Time Aadhaar Number Is Submitted By The Client.

In pursuance of clause (a) and clause (c) of sub-rule (17) of rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, the Central Government hereby notifies the 31st March, 2018 or six months from the date of commencement of account based relationship by the client, whichever is later, as the date of submission of the Aadhaar Number, and Permanent Account Number or Form 60 by the clients to the reporting entity.

➤ **Amendment to Gazette Notification Dated February 13, 2019:**

As per Regulation (x) Sub-section (16) and Gazette Notification Dated February 13, 2019, FORTUNE FISCAL LTD. shall ensure that where its client submits his Aadhaar number, we will redact or blackout his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required.

➤ **Other principles**

FFL shall ensure the following:

- a) Currently, there is no group company on which the requirements of PML Act are applicable. However, if any when such companies come into the fold, FFL will ensure the statement of policies and procedures are issued on a group basis, for dealing with ML and TF reflecting the current statutory and regulatory requirements.
- b) FFL shall ensure that the content of these Directives are understood by all staff members.
- c) FFL will regularly review the policies and procedures on the prevention of ML and TF on an annual basis to ensure their effectiveness. Further, in order to ensure the effectiveness of policies and procedures, the person doing such a review shall be different from the one who has framed such policies and procedures.
- d) FFL will adopt client acceptance policies and procedures which are sensitive to the risk of ML and TF.
- e) FFL will undertake client due diligence (“CDD”) measures to an extent that is sensitive to the risk of ML and TF depending on the type of client, business relationship or transaction.
- f) FFL have in system a place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- g) FFL will develop staff members’ awareness and vigilance to guard against ML and TF.

Other Important Points:

- CTR/STR filings are confidential and shall be transmitted by speed/ registered post/fax.
- Principal Officer shall be responsible for timely submissions.
- All reporting including nil reporting shall be made to FIU_IND.

Designated Principal Officer :

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

Mr. Rikin Shah,
Fortune Fiscal Ltd.,
208- Bluechip Complex,
Sayajgunj,
Vadodara-390005.
Tel: 0265-2225614, 2361450

Email: info@fortunefiscal.com

➤ **Updation of the policy**

The policy shall be revised/ updated on an annual basis and as when required by law.

Approved at the Board meeting Fortune Fiscal Limited held on March 23, 2024

For Board of Directors of Fortune Fiscal Ltd

A handwritten signature in black ink, appearing to read 'Jayesh R Shah', is written over a horizontal line. The signature is stylized and cursive.

Jayesh R Shah
Director