


# STAR FINVEST PVT LTD

## ANTI- MONEY LAUNDERING POLICY

For Star Finvest Pvt. Ltd.



Director

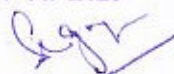
## Preface

Star Finvest Pvt Ltd. is an active intermediary, participating in various arenas of Capital Market Business. The company is having its head office in New Delhi and has presence in various parts of India through its various branches and a network of sub-brokers. These activities include Stock Broking, Depository Participant and Commodity trading.

SFPL has always been at the forefront, towards ensuring compliance with all the regulatory requirements. As an effort in the same direction this policy statement has been prepared to ensure compliance under the Prevention of Money Laundering Act, 2002. This statement has been framed as a part of the overall procedures adopted by Star Finvest Pvt Ltd. to implement the Anti money laundering provisions envisaged under the PMLA, 2002.

This policy statement shall be applicable to SFPL, including all the branches and regional offices. Anti-Money laundering policy (policy) is framed as per SEBI guidelines and revised periodically

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**SUGGESTED MEASURES TO PREVENT, DETECT AND REPORT**  
**MONEY LAUNDERING TRANSACTIONS**

*From the desk of Principal Officer appointed under PMLA, 2002 (As Amended) by  
Star Finvest Pvt Ltd. (SFPL)*

1. **INTRODUCTION**

**PREVENTION OF MONEY LAUNDERING ACT, 2002**

Prevention of Money Laundering Act, 2002 (As Amended) 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.

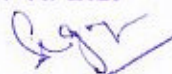
The PMLA 2002 and Rules notified there under impose an obligation on intermediaries (including stock brokers and sub-brokers) to verify identity of clients, maintain records and furnish information to the Financial Intelligence Unit (FIU) - INDIA

**FINANCIAL INTELLIGENCE UNIT (FIU) - INDIA**

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.

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.

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## POLICY OF STAR FINVEST PVT LTD

STAR FINVEST PVT LTD has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall make a frame-work to report cash and suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002

### Objective of These Guidelines

The purpose of this document is to guide all the employees of SFPL on the steps that they are required to take and implement to prevent and identify any money laundering or terrorist financing activities. It shall be the responsibility of each of the concerned employees that they should be able to satisfy themselves that the measures taken by them are adequate, appropriate and follow the spirit of these measures and the requirements as enshrined in the "Prevention of Money Laundering Act, 2002".

Some of these suggested measures may not be applicable to every circumstance or to each department, Branch / Sub-broker. However, each entity should consider carefully the specific nature of its business, type of customer and transaction to satisfy itself that the measures taken by the employees are adequate and appropriate to follow the spirit of these guidelines.

## 2. CUSTOMER ACCEPTANCE POLICY

Policy of identification of client to ensures its complete genuineness and existence while opening new Account.

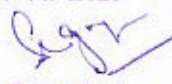
This is general policy of the company that all the clients account opened at member's place are on the basis of reference only. The account opened will come from various category of reference, Customer Identification procedure is followed before opening a New Account

### ❖ Customer Identification Procedure (FOR NEW CLIENTS)

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.

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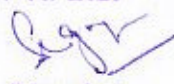
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- **IDENTITY Proof:** PAN Card itself can serve as proof of identity. However, in case PAN card carries an old photograph of the holder, which does not match current facial features of the client, we should take other identity proof in form of Voter's 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, Aadhaar Letter, Ration card and latest Electricity/telephone bill in the name of the client.

#### **KYC Requirement (For Trading & Demat Accounts Registration):**

- In-person verification - each client should be met in person. 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
- 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' policy is followed without any exception. All supporting documents as specified by Securities and Exchange Board of India (SEBI) and Exchanges are obtained and verified.
- Scrutinize the forms and details submitted by the client thoroughly and cross check the details with various documents obtained like identity of the client, source of income. If required, ask for any additional details like income tax returns, salary slips, etc. to satisfy yourself whenever there is a doubt.
- 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]
- Ensure that no account is being opened in a fictitious / benami name or on an anonymous basis by calling the client on phone at the given phone number, verifying address given in KYC and other details.
- 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.
- Accounts should be opened only on receipt of mandatory information along with authentic supporting documents as per the guidelines. Any reluctance by the client to provide information should be a sufficient reason to reject the client.
- Check if client is having multiple accounts.
- Scrutinize minutely the records / documents pertaining to clients of special category i.e. Non-Individuals.
- For scrutiny/background check of the clients / HNI, websites such as [www.watchoutinvestors.com](http://www.watchoutinvestors.com) should be referred. Also, Prosecution Database / List of Vanishing Companies available on [www.sebi.gov.in](http://www.sebi.gov.in) and RBI Defaulters Database

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available on [www.cibil.com](http://www.cibil.com) could be checked.

- Keep watch on the welcome kits or other documents / letters received back undelivered at the address given by the client. The Principal Officer should be alerted, client be contacted immediately on telephone and the trading, if suspected, should be suspended
- Employee of SFPL should not preferably sign as witness on the Client Registration Form.
- a/c will not be opened if unable to verify the identity of the clients based on the documents provided. Such cases be reported immediately to Principal Officer.
- Review the above details on an 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.
- The information on Financial Status/income details of clients is obtained at the time of opening of demat account. Subsequently, it is periodically updated in CDAS/back office. It is ensured that the transactions carried out by the client are commensurate with his income. If any abnormality is noticed, DP should file STR as per communiqué 2236 dated 06.01.2011.

#### **ROLE OF SETTLEMENT/ ACCOUNTS TEAM**

- Ensure that there are no third party receipt into / payment from the client account for Funds and Securities.
- Ensure that any information relating Money Laundering gathered during formal or informal conversation with clients is passed on to the Principal Officer.

### **3. MAINTAINENCE & RETENTION OF RECORDS:**

Intermediaries are required to maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

- a. the nature of the transactions;
  - b. the amount of the transaction and the currency in which it is denominated;
  - c. the date on which the transaction was conducted; and
  - d. The parties to the transaction.
- Proper records should be maintained and should be in a position to be retrieved within a short time.
  - All records pertaining to the transactions of the clients (Both Domestic & International) shall be maintained & preserved for a period of five years from the date of transaction between the client and the intermediary.
  - All records pertaining to identity of the clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of five years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later. Further, records of all the transactions which are reported to Director, FIU-IND shall be maintained and

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preserved for a period of five years from the date of transaction between the client and the intermediary.

- In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they should be retained until it is confirmed that the case has been closed.

#### **4. CLIENT DUE DILIGENCE MEASURES (CDD)**

- Clients are Sub-divided into Individual and Non-individual categories and Non-individual accounts should be scrutinized regularly.
- For corporate clients, revised annual data i.e. financial details, Shareholding (If required) should be collected periodically at end of each financial year.
- Credit worthiness should be verified in-house through independent supporting documents.
- Registered intermediaries shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

#### **Identification of Beneficial Ownership**

As per SEBI Circular **CIR/MIRSD/2/2013** dated **January 24, 2013** and the Prevention of Money Laundering Rules, 2005, the company shall identify the beneficial owner and take all reasonable steps as part of their Client Due Diligence policy, sufficient information from their clients in order to identify and verify the identity of persons who beneficially own or control the securities account

#### **A. For clients other than individuals or trusts:**

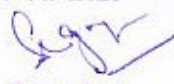
Where the client is a person *other than an individual or trust*, viz., company, Partnership or unincorporated association/body of individuals, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

- a. The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

Explanation: Controlling ownership interest means ownership of/entitlement to:

- i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;

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- ii. More than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
  - iii. More than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated Association or body of individuals
- b. In cases where there exists doubt under clause (a) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

Explanation: Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.

- c. Where no natural person is identified under clauses 4 (a) or 4 (b) above, the identity of the relevant natural person who holds the position of senior managing official.

#### **B. For client which is a trust:**

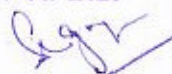
Where the client is a *trust*, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

#### **C. Exemption in case of listed companies:**

Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

#### **Reliance on third party for carrying out Client Due Diligence (CDD)**

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- Registered intermediaries may rely on a 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 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 the registered intermediary shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

#### 5. 'Clients of Special Category' (CSC):

The illustrative list of 'Clients of Special Category' (CSC) as contained in the existing clause 5.4 (Page 16-17 of the Master Circular) shall be read as under:

- i. Nonresident clients,
  - ii. High net-worth clients,
  - iii. Trust, Charities, NGOs and organizations receiving donations,
  - iv. Companies having close family shareholdings or beneficial ownership,
  - v. Politically exposed persons (PEP). 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.
- The additional norms applicable to PEP as contained in the subsequent clause 5.5 (Page 19 of the Master Circular) shall also be applied to the accounts of the family members or close relatives of PEPs
- vi. Companies offering foreign exchange offerings,
  - vii. Clients in high risk countries (where existence/effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, 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

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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,

viii. Non face to face clients,

ix. Clients with dubious reputation as per public information available etc.

## **6. Risk Profiling Policy For STAR FINVEST PVT LTD**

There are various factors, which are used to define the category of the client.

We generally put clients in three categories

- 1) High Risk (HR)
- 2) Medium Risk (MR)
- 3) Low Risk (LR)

The following is the main criteria on which we define the Risk Profile/ Category of client.

1. The amount of the first margin cheque received from the client (Subject to Clearing of the cheque).
  - If a client is giving the cheque of Rs 500000 or more before starting the trade in trading account then such client will be put in “Low Risk Profile” for time being.
2. The value of stock that client is giving us as collateral while opening an account.
3. Client’s background and market repo.
4. Relations or terms with Director of our company.
5. The leverage client demands for intraday trading.
  - If client is asking more than 10 times exposure for intraday trading then that client will be put in the “High Risk Profile”
  - If client is asking the exposure between 2-10 times then she/he will be put in “Medium Risk Profile”
  - If client is not asking exposure for intraday trading then he will be put in “Low Risk Profile”
6. The leverage client demand for BTST or for short-term delivery based buying.
7. In case of leverage position whether client is providing us with cheque of M2M loss.

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- If client is not providing the cheque of M2M after T+3, after the calling and commitment than he will be put in “High Risk Profile” for next trades
8. The normal age of clients debit in case of debit stands to more than 20% but less than 50% of the stock value.
- If client keeps debit in account usually for more than 5 days then she/he will be put in “High Risk Profile”
9. Cheques bounce instances.
- If cheque are frequently bounced due to wrong intention of clients then that client will be put into “High Risk Profile”
10. Whether client asks to represent the instrument in such case or client sells the stocks from the Beneficiary account.
11. Whether Client is Non Individual, NRI etc.
- Normally client in these categories are put in “High Risk Profile” by default.
12. Whether client have multiple Demat or Bank accounts.
- If any client is having more than two demat/ bank accounts then such clients are put in “High Risk Profile” by default.
13. Whether client is trading in heavy volumes in “Low Volume Scrips”.
- Such clients trading in illiquid scrips or penny stocks are put in the “High Risk Profile”
14. Clarity of earning sources of the client.
- Where client is having more than Rs 2 lac portfolio but whose source of earnings is suspicious are kept in “High Risk Profile”
15. In order to achieve this objectives, all new clients should be classified the following category:
- Low Risk Clients - Category 0
  - This category of clients having income below Rs 5 lacs or networth below Rs 25 lacs.
  - Medium Risk Clients - Category 1
  - This category of clients having income Rs 5 lacs to Rs 25 lacs or networth between Rs25 lacs to Rs 1 crore.
  - High Risk Clients - Category 2

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- This category of clients includes following:-
  - i. Clients having income above Rs 25 lacs or having networth above Rs 1 crore
  - ii. Clients of Special Category (CSC) which includes NRI, Trust, Societies, Non- profit/Charitable Organization etc.
  - iii. Politically exposed Persons(PEP) & Related PEP

The above categorization shall not be influenced by what value the services or other facilities, Company envisages to provide the respective client.

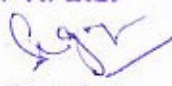
- Apart from this we need to exercise extra caution while monitoring the transactions of clients of special category (CSC).
- On regular basis, the client risk profile shall be changed with change in client income detail, status or any other risk criteria as above.

#### AUDIT TRAIL

To enable any competent investigating authorities to trace through the chain of events, the following information for the accounts of customers is required to be maintained:

- The beneficial owner of the account;
- Inflow/outflow of funds routed through the account / and for the selected transactions:
  - The origin of the funds
  - The form, in which the funds were offered or withdrawn, e.g. cash, cheques, RTGS/NEFT and Demand drafts etc.
  - The identity of the person undertaking the transaction;
  - The destination of the funds (Other than client bank account which is mapped in system and KYC);
  - The form of instruction and authority
  - The identity of official who made in-person verification
  - The identity of official who verified copies documents obtained

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from client with originals

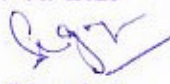
## **7. ROLE OF RISK MANAGEMENT TEAM**

RMS gives exposure to clients based on margin available in the system for the respective clients/sub-brokers. It is the duty of RMS to validate such exposures with the financial details provided by the client in KYC form. Where there is a trading activity of the client, which is not commensurate with the financial details declared by the client, it should be analyzed and referred to the Principal Officer with reasons of suspicion.

## **8. MONITORING OF TRANSACTIONS**

- Scrutinize unusually large transactions like clients having traded in scrips/shares of a company and trading volume of the client in that scrip is 10% or more of the total volume in that scrip at the Exchange.
- Check trade log for indication of negotiated trades (if any).
- Check for any relation of the client with the company / directors / promoters.
- Check previous trading pattern of the client in that particular scrip.
- Scrutinize bulk deal transactions by sample check. A 'bulk' deal constitutes transaction in a scrip (on a Exchange) where total quantity of shares bought/sold is more than 0.5% of the number of equity shares of the company listed on the Exchange.
  
- Select randomly a few clients, pick up some of their high value transactions and scrutinize to check whether they are of suspicious nature or not.
- If there is a substantial increase in turnover in a dormant account then it, should be brought into the notice of the Principal Officer by the respective branch/sub-broker. Review balances and trading in the dormant accounts. Be vigilant on the movement of credit balances from the dormant account.
- Suspicious transactions to include 'transactions integrally connected' as well as 'transactions remotely connected or related'.
- Carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its 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 and 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.
- 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.

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- The DP has systems in place for continuous monitoring of transactions vis-à-vis income of the client. Alerts sent by NSDL are monitored and a suspicious transaction register is maintained as per NSDL communiqué 762.
- Further, all such documents, office records etc. shall be examined and recorded in writing. Also, such findings, records and related documents shall be made available to auditors and any regulatory authorities.
- These records shall be maintained and preserved for a period of five years from the date of transaction between the client and intermediary.

### **Risk Assessment**

- i. The Risk Management team shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its 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 and 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.
- 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.

### **9. DEPOSITORY OPERATIONS - SETTLEMENT TEAM**

As NSDL registered DP, we have majority of DP accounts of SFPL clients with SFPL DP. NSDL will be sending alerts in the form of the following reports at fortnightly intervals to the SFPL DP (we have registered DP) STAR FINVEST PVT LTD (SFPL).

- Details of debits/credits for market, off-market or Inter Depository Transactions involving 100,000 or more shares in an ISIN, in a single transaction or series of transactions during the fortnight.
- Details of transactions involving 100,000 or more shares in an account, in an ISIN in a single transaction or series of transactions during the fortnight relating to -

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- a) Confirmation of Demat requests.
- b) Confirmation of Remat requests.
- c) Credit arising out of corporate actions viz. IPOs, follow-on offers and Rights:

Head of Settlement Team at SFPL will be required to obtain such reports on fortnightly basis from SFPL DP and ascertain whether these are suspicious in nature.

#### **OFF - MARKET TRANSFER (SFPL DP)**

Head of Settlement, who would also approve off-market transfers, is required to analyze such transfers by validating the value of script's transferred with the financials of the client, studying pattern of such transfers and report if these appear to be suspicious in nature.

If it is a third party inward / outward transaction, DP id, client target id, client name should be obtained and wherever the transfers are made to an unrelated entity/ individual frequently, it should be analyzed from the angle of suspicious transaction.

#### **10. CASH TRANSACTIONS**

All are requested not to accept cash from the clients whether against obligations or as margin for purchase of securities or otherwise. All payments shall be received from the clients strictly by "Account Payee" crossed cheque drawn in favor of STAR FINVEST PVT LTD. The same is also required as per SEBI circulars no. SMD/ED/IR/3/23321 dated November 18, 1993 and SEBI/MRD/SE/Cir-33/2003/27/08 dated August 27, 2003.

In case an Account Payee cheque has been received from a bank account other than that captured in records, the same can be accepted after ascertaining that the client is the first holder of the account. Relevant copies of the supporting documents should be sent to HO and details of such accounts should be captured in the Client Master records.

Only in exceptional cases, bank draft may be accepted from the client provided identity of remitter/purchaser written on the draft/pay-order matches with that of client else obtain a certificate from the issuing bank to verify the same.

#### **11. SUSPICIOUS TRANSACTIONS**

##### **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

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- Appears to be made in circumstance of unusual or unjustified complexity; or
- Appears to have no economic rationale or bona fide purpose

**SFPL Initiative:** Our surveillance team in co ordination with the respective departments ensures that Activities in clients accounts are regularly monitored keeping the following parameters in mind:

### **1. Multiple Accounts**

- Large number of accounts having a common account holder, introducer or authorized signatory with no rationale
- Unexplained transfers between multiple accounts with no rationale

### **2. Activity in Accounts**

- Unusual activity compared to past transactions
- Use of different accounts by clients alternatively
- Sudden activity in dormant accounts
- Activity inconsistent with what would be expected from declared business
- Account used for circular trading

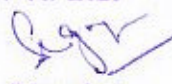
### **3. Nature of Transactions**

- Unusual or unjustified complexity
- No economic rationale or bonafide purpose
- Source of funds are doubtful
- Appears to be case of insider trading
- Investment proceeds transferred to a third party
- Transactions reflect likely market manipulations
- Suspicious off market transactions

### **4. 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

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- 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

In addition to the above we have system generated reports which capture the trading pattern of our clients in various segments. We have utilities to capture any suspected fraudulent activity on part of our clients.

Besides we have developed a system specifically generating alerts on the basis of pre defined criteria. This utility has been designed keeping in mind all the guidelines specified by the various regulatory authorities, to comply with AML/CFT regulations under the PMLA, 2002.

Criteria for generation of alerts are defined in Sync with the ratings assigned to the clients i.e. High, Medium or Low Risk. This ensures that the risk profile of the client is not ignored while monitoring of the transactions with the client. We have defined the following parameters for generation of alerts:

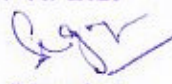
1. Cash transaction identified in a particular code.
2. 3rd party cheque / DD received
3. High value payin.
4. Self trade/circular trading, suspected in any client code.
5. Trading done in an account dormant since last Six months.
6. KYC objection not cleared for more than 3 months
7. Code changes done after trading hours.
8. Trading in illiquid scrip.
9. Corporate Account financial details not received for six months.
10. Gross income of client not in sync with receipts and payments in client account.

### **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**

For Star Finvest Pvt. Ltd.

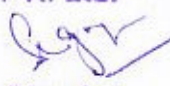


Director

In terms of the PMLA rules, brokers and sub-brokers are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) 6th Floor, Hotel Samarat, Chanakypuri, New Delhi - 110021 as per the schedule given below:

Report	Description	Due Date
CTR	All cash transactions of the value of more than Rs.10 Lakhs or its equivalent in foreign CTR 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	Not later than seven working days from the CCR has taken place facilitating the transactions date of occurrence of such transaction
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	Not later than seven working days on being satisfied that the transaction is suspicious

For Star Finvest Pvt. Ltd.



Director

## **12. REPORTING OF SUSPICIOUS TRANSACTIONS TO FIU-IND THROUGH INSPECTION DEPARTMENT**

All Branch Heads/ Department Heads/ Sub-brokers are required to report suspicious transactions to the Principal Officer through HO Inspection headed by Shri. Surender Kumar Gupta - Principal Officer.

- The inspection department to compile all suspicious transactions
- The Principle Officer to report all such transactions to FIU-IND

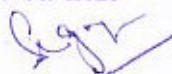
## **13. OTHER IMPORTANT POINTS**

- Reasons for treating any transaction or a series of transactions as suspicious should be recorded. It should be ensured that there is no undue delay in arriving at such a conclusion.
- Utmost confidentiality should be maintained in submitting the information.
- The reports may be transmitted by email/speed/registered post/fax at the Head Office addressed to the Principal Officer.
- No restriction may be put on operations in the accounts where a Suspicious Transaction Report has been made.
- It should be ensured that there is no tipping off to the client at any level.

## **14. PERIODICITY REVIEW/TRAINING ON THE INTERNAL POLICY AND PROCEDURE TO ALL STAFF/SUB-BROKERS:**

- a. This internal policy and procedure on “The Prevention of Money Laundering Act, 2002” should be brought to the notice of all employees.
- b. As and when the policy is amended the policies and procedures on the prevention of ML and TF to ensure their effectiveness will be reviewed and will be placed before the Board. 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

**For Star Finvest Pvt. Ltd.**



**Director**

## 15. Employee Hiring/ Training/ Investor Education

### Hiring of Employees

SFPL is having procedure of proper scrutinizing the people who applies for vacancies; interviews are held at various levels before hiring any person for vacancies of the company. There after all the required documents are kept with compliance officer as record for the same.

### Employee Training

To conduct ongoing training programme for employees so that DP staff are adequately trained in AML and CFT (Combating Financing of terrorism) procedures.

**SFPL Initiative:** The training programmes are attended by the employees involved in DP activities on time to time basis.

### Investor Education

We will prepare specific literature/template etc so as to educate clients on the objectives of the AML/ CFT programme. Also Investors are given information about PMLA requirement at the time of Account opening and also the reason for collecting relevant documents and verification is explained to them. PMLA policy is easily accessible on our Website for Investors

16. **Appointment of 'Principal Officer'**: All intermediaries have to ensure that a proper policy framework as per the Guidelines on anti-money laundering measures is put into place and to designate an officer as '**Principal Officer**' who would be responsible for ensuring compliance of the provisions of the PMLA-

**SFPL Initiative:** Star Finvest Pvt Ltd has designated Mr. Surender Kumar Gupta, as the 'Principle Officer'. The same has been intimated to the Director-FIU and other regulators such as BSE, NSE, SEBI, etc. as required under their guidelines. He would act as a central reference point in facilitating onward reporting of suspicious

For Star Finvest Pvt. Ltd.



Director

transactions and for playing an active role in the identification and assessment of potentially suspicious transactions.

### **Appointment of Designated Director:**

i. In addition to the existing requirement of designation of a Principal Officer, the registered intermediaries 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 –

- (i) The Managing Director or a Whole-time Director duly authorized by the Board of Directors if the reporting entity is a company,
- (ii) The managing partner if the reporting entity is a partnership firm,
- (iii) The proprietor if the reporting entity is a proprietorship concern,
- (iv) The managing trustee if the reporting entity is a trust,
- (v) 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
- (vi) 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.”

**SFPL Initiative:** Star Finvest Pvt Ltd has designated Shri. Surender Kumar Gupta, as the Designated Director’. The same has been intimated to the Director-FIU and other regulators such as BSE, NSE, SEBI, etc. as required under their guidelines. He 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.

### **Designated Principal Officer**

In case any further information /clarification are required in this regard, the ‘Principal Officer’ may be contacted.

Shri. Surender Kumar Gupta  
Principal Officer  
311 Aruanchal Building,

For Star Finvest Pvt. Ltd.



Director

19, Barakhamba Road,  
New Delhi - 110001

Tel No. 011-43070700 (30 Lines)

**For Star Finvest Pvt. Ltd.**



Director

**For Star Finvest Pvt. Ltd.**



Director