
Document	Anti-Money Laundering Policy of Stockal Securities Private Limited (“SSPL”)
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Version	1.2

ANTI-MONEY LAUNDERING POLICY

The Prevention of Money Laundering Act, 2002 (“PMLA”) came into effect from 1 July 2005. Necessary Notifications / Rules under the said Act were published in the Gazette of India on 1st July 2005 by the Department of Revenue, Ministry of Finance, and Government of India.

The Securities and Exchange Board of India (“SEBI”) vide Master Circular dated 04 July 2018, Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under (SEBI AML Guidelines) required market intermediaries like SSPL to lay down and adhere to a policy framework for anti-money laundering measures to be followed.

PLEASE NOTE THAT THIS POLICY IS CURRENTLY A GUIDING DOCUMENT ONLY AND SSPL HAS NOT COMMENCED THE ONBOARDING OF CLIENTS AND FACILITATION OF TRANSACTIONS REQUIRING COMPLIANCE OF THIS POLICY. THIS POLICY SETS OUT THE MINIMUM STANDARD THAT MUST BE FOLLOWED. WHERE LOCAL LAWS, REGULATIONS OR RULES IMPOSE A HIGHER STANDARD, THAT HIGHER STANDARD MUST BE FOLLOWED.

Objective

The objective is to have a system in place for preventing any money laundering financial transaction through us and also to identify, monitor, report any such transaction to appropriate authorities.

“Know Your Customer” (“KYC”) is the guiding principle behind the Anti-Money Laundering (“AML”) measures. It incorporates the “Know Your Customer” Standards & “Anti Money Laundering” Measures, hereinafter to be referred as “KYC Standards” and “AML Measures”. The objective of is to “have in place adequate policies, practices and procedures that promote high ethical and professional standards and prevent the Company from being used, intentionally or unintentionally, by criminal elements”. KYC Standards and AML Measures would enable SSPL to know/ understand its customers, the beneficial owners, the principals behind customers who are acting as agents and their financial dealings better which in turn will help SSPL to manage its risks prudently.

The management of the company is fully committed to establish appropriate policies and procedures for ensuring effectiveness and compliance with respect to all relevant legal requirements.

The regulatory / statutory requirements

An officer of the company will be designated as “Principal Officer” who will ensure proper discharge of all legal requirements with respect to the same Mr. Chirag Meghani is the Principal Officer responsible for

- Compliance of the provisions of the PMLA and AML guidelines

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- Act as a central reference point and play an active role in identification & assessment of potential suspicious transactions
 - Ensure that SSPL discharges its legal obligation to report suspicious transactions to concerned authorities.

The main aspect of this policy is the customer due diligence process which means:

- Obtaining sufficient information about the client in order to identify who is the actual beneficial owner of the securities or on whose behalf transaction is conducted
- Verify the customer's identity using reliable independent source document, data or information
- Conduct on-going due diligence and scrutiny of the account/ client to ensure that the transaction conducted are consistent with the client's background/ financial status, its activities and risk profile.

The customer due diligence process includes three specific parameters:

- Policy for acceptance of clients : Each client should be met in person Complete KYC to be done for all clients No account to be opened in a fictitious/benami name or on an anonymous basis
- Clients Identification Procedure (Risk profiling) All clients to be classified as per the risk into 3 categories Low, Medium and High Risk
- Suspicious Transaction identification and reporting Any unusual activity compared to past transactions Sudden activity in Dormant accounts Sudden High volume / high value transactions
- Central Depository Securities Limited (CDSL) communicate no. CDSL/OPS/DP/POLCY/2017/176 dated April 05, 2017 and CDSL/OPS/DP/POLCY/2017/354 dated July 18, 2017, advises that the Beneficial Owners should submit/update their Aadhar Card copy with the Depository Participant. Please ensure that you update your Aadhar Number with SSPL as per the mentioned notices.

The principal officer shall report the nature, amount, date and all related details of any and all suspicious transactions recorded.

1. Client identification

Before opening any Trading account with us, the following measures shall be taken:

- In person verification of the client
- Identify beneficial ownership and control, i.e., determine the persons who beneficially own / control the account.
- Collect information about client's background, occupation and also check the name of the introducer.
- Collect and verify all original documents from the client.
- Collect a certified copy of valid documents showing details of his permanent address, current address, PAN, nature of his occupation, financial status and also a recent photograph.
- For clients trading in F&O segment, documentary proof of his financial details will be collected.
- In case of Corporate client, collect copies of certificate of incorporation, Memorandum of association and other documents as required by SEBI
- In case of Corporate client, collect adequate information of the persons authorised to deal on behalf of the company.

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- The client shall be interviewed personally regarding the purpose of opening the account i.e., whether short term trading or long term investment.
 - Prior experience in stock market
 - Introducer details

2. KYC updation process

All corporate clients must submit annual report every year. In case of individual clients, Client Master details shall be sent to all clients, who will confirm either that the details are updated or shall be advised to submit details if required. He shall also specify his present occupation and financial income details per annum in the same declaration.

The information should be adequate enough to satisfy competent authorities (regulatory/ enforcement authorities) in future that due diligence was observed by us in compliance with the Guidelines.

Failure by prospective client to provide satisfactory evidence of identity should be noted and reported to the principal officer.

Further, SSPL should also maintain continuous familiarity and follow-up with the client where inconsistencies in the information provided are noted.

The account will not be opened where we are unable to apply the above KYC policies, e.g., non co-operation of the client in providing full information etc

3. Client categorisation

Each client will be marked into 3 categories, High Risk, Medium Risk and Low Risk from the point of view of the anti money laundering laws. The categorization will be made based on the following parameters/ factors of risk perception:

- High Networth Clients
- Trusts/ NGOs / Charities receiving donations
- Companies having close family shareholdings (The above are considered of High Risk as per SEBI guidelines) The other parameters are nature of business activity, trading turnover, manner of making payment etc. Provision will be made in the back office software for noting categorization of each client. The high-risk client will require regular KYC update.

The clients will be placed under low, medium and high-risk category based on their turnover per day. Corporates / HNIs having respectable social and financial standing, Clients who make payment on time and take delivery of shares can be considered as Low

4. Suspended Persons

SEBI and other authorities suspend or debar persons / entities from participating in securities market on several instances. We as a Broker are required to ensure that such persons do not trade through us.

We shall lay down systems for identifying transactions which is not in consonance with the financial status declared/ shown by the client. Also, unusual activities compared to past transactions, sudden activity in dormant accounts, activity inconsistent from declared business activity, should be traced. This shall require appropriate changes in our back office software.

Systems shall be put in place for identifying transactions likely to be market manipulation, and which appears to be insider trading and also any transaction which seems to have no bonafide intention. Regular communications by means of mailers, SMS, Email are sent to clients at various intervals requesting them to update their latest financial and KYC details available with us.

5. Illiquid Securities

The Exchanges specifies a list of Illiquid Securities where higher due diligence is to be exercised by the Brokers. The trade pattern in such scrips by our clients is monitored. In case of high volume in any scrip compared to Exchange volume, the client may be asked to submit clarification.

6. Employee Training

We have policy for ongoing employee training programme so that the total staffs of our company completely aware of the provisions of AML and CFT procedures and amendments thereof. These training programmes are totally focused for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new customers as it is very crucial that all those concerned fully understand the rationale behind these guidelines, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements, if there is any lapse on the part of any staffs of the company.

SSPL shall take adequate measures to prevent money laundering and shall also put in place a frame work for PMLA policy. The policies and procedures as mentioned above shall not be final as it may adopt additional measures to safeguard its interest with respect to activities associated with PMLA.