

BALAJI EQUITIES LIMITED
POLICIES AND PROCEDURE FOR PREVENTION OF MONEY LAUNDERING
(Issued as per the requirements of the PMLA Act 2002)

1. Introduction of Policy

The Prevention of Money Laundering Act, 2002 (PMLA) was brought into force with effect from 1st July 2005, necessary Notifications / Rules under the said Act were published in the Gazette of India on July 01, 2005. Subsequently, SEBI Issued necessary guidelines vide circular no. ISD/CIR/RR/AML/1/06 dated January 18, 2006 and vide letter No.ISD/CIR/RR/AML/2/06 dated 20th March 2006 to all securities market intermediaries as registered under Section 12 of the SEBI Act, 1992. These guidelines were issued in the context of the recommendations made by the Financial Action Task Force (FATF) on anti- money laundering standards. Compliance with these standards by all intermediaries and the country has become imperative for international financial relations.

The government of India set up Financial Intelligence Unit (FIU-INDIA) on November 18, 2004 as an independent body to report directly to the Economic Intelligence Council (EIC) headed by the Finance Minister. FIU-INDIA 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 coordination and stretching efforts of national and international intelligence and enforcement agencies in pursuing the global efforts against money laundering and related crimes.

It is the policy of the firm to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets.

2. Policy & procedures to Combat Money Laundering and Terrorist Financing

It has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame work for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to FIU as per the guidelines of PMLA Rules, 2002. Further member shall regularly review the policies and procedures on PMLA and Terrorist Financing to ensure their effectiveness

3. Principal Officer Designation and Duties

The firm has designated Sri Anil Kumar Kotha, Principal Officer under the supervision of J Sekhara Rao, Chairman and Managing Director for its Anti-Money Laundering Program, with full responsibility for the firm's AML program. Sri Anil Kumar Kotha is M Com from the Nagarjuna University, Andhra Pradesh and is qualified by more than 15 years of experience, knowledge and training. The duties of the Principal Officer will include monitoring the firm's compliance with AML obligations and overseeing communication and training for employees. The Principal Officer will also ensure that proper AML records are kept. When warranted, the Principal Officer will ensure filing of necessary reports with the Financial Intelligence Unit (FIU – IND)

The firm has provided the FIU with contact information for the Principal Officer, including name, title, mailing address, e-mail address, telephone number and facsimile number. The firm will promptly notify FIU of any change to this information.

4. Client Due Diligence Process

- 4.1 Obtain sufficient information to identify persons who beneficially own or control securities accounts. Wherever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified using client identification and verification procedures. The beneficial owner is the natural person 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.
- 4.2 Verify the customer's identity using reliable, independent source document, data or information.
- 4.3 Identification of beneficial ownership and control. i.e., determine which individual(s) ultimately own (s) or control(s) the client and / or the person on whose behalf a transaction is being conducted.

i. 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, BALAJI EQUITIES LIMITED shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

- aa) 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 10% of shares or capital or profits of the juridical person, where the juridical person is a company;

ii. more than 10% of the capital or profits of the juridical person, where the juridical person is a partnership; or

iii. more than 10% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

bb) In cases where there exists doubt under clause (aa) 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.

cc) Where no natural person is identified under clauses (aa) or (bb) above, the identity of the relevant natural person who holds the position of senior managing official.

ii. For client which is a trust:

Where the client is a trust, BALAJI EQUITIES LIMITED 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 10% 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. The Company will collect the list of trustees & their roles and their individual documents & beneficiary names, settler and authors of the trust.

iii. 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 will not be necessary to identify and verify the identity of any shareholder or beneficial owner of such companies. If any company has changed any substantial in nature has to updated within 30 days of change including for all Banking Company or Financial Institution or intermediary.

iv. Applicability for foreign investors

While dealing with foreign investors, BALAJI EQUITIES LIMITED will be guided by the clarifications issued vide SEBI circulars CIR/MIRSD/11/2012 dated September 5, 2012 and CIR/ MIRSD/ 07/ 2013 dated September 12, 2013, for the purpose of identification of beneficial ownership of the client.

v. Monitor of compliance

The compliance of the aforementioned provision on identification of beneficial ownership shall be monitored by the Board of Directors of Balaji Equities Limited.

- 4.4 Verify the identity of the beneficial owner of the client and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (4.3)
- 4.5 Understand the ownership and control structure of the client and verify the principal place of business apart registered office.
- 4.6 Conducting ongoing due diligence and scrutiny, i.e. Perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with BALAJI EQUITIES LIMITED's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds.
- 4.7 BALAJI EQUITIES LIMITED shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process

Member 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 monitor for, and have measures in place for compliance with CDD and record keeping requirement in line with the obligations under the PML Act.
2. 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 regulation and circulars / Guidelines issued by SEBI from time to time. Further, it is clarified that Member shall be ultimately responsible for CDD and undertaking enhanced due diligence measures as applicable. (SEBI Circular CIR/MISRD/1/2014 dated 12.03.2014).

5. Policy for Acceptance of Clients

The policy is to enable customer due diligence on a risk sensitive basis depending on the type of customer that are likely to pose a higher than average risk of ML or TF business relationships or transactions. We have deployed the Third Party application as a tool for implementing the policy. Accordingly the following safeguards are to be followed while accepting the clients.

5.1 No account is opened in a fictitious / benami name or on an anonymous basis.

5.2 Risk perception:

Based on client's location, nature of business activity, trading turnover, manner of making payment for transactions undertaken, clients should be classified into low, medium and high risk category. Such high risk clients require higher degree of due diligence and regular update of Know Your Client (**KYC**) profile. Documentation requirements and other information to be collected in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI from time to time (like KRA, CKYC etc). Though as per guidelines issued by SEBI and practiced by the company this system of making payments to and for receiving payments from, clients is through banking channels only and in the manner specified, the following points are to be ensured.

- (a) No payment in cash is either accepted or made to the client.
- (b) Display this clearly in the notice board and as part of Do's and Don'ts' issued in writing to the clients as part of client registration.
- (c) Discourage payment by clients by DD. In exceptional cases DD's may be accepted if the same is supported by a letter from the client to the effect that the DD is from the banking account ,proof of which is provided to the company.
- (d) Ensure that the internal control policies in this regard are strictly followed.

5.3 Ensure that no account is opened where the intermediary is unable to apply appropriate clients due diligence measures / KYC policies. Such cases are where:

- (a) It is not possible to ascertain the identity of the client
- (b) Information provided is suspected to be non genuine.
- (c) It appears that client's does not co-operate by providing full and complete information
- (d) If there is suspicious trading, the same will be analysed bring to the notice of the Top Management and if necessary the same will be uploaded to necessary authorities.

5.4 Except in cases where the client and the person who acts for the client are identified or where the company has knowledge about the client and or the person acting for the client, no person shall be permitted to act for and on behalf of a client and where such permission is given ensure the following.

- (a) Ascertain that the circumstances which warrant a person to act on behalf of a client is genuine. (Such as prolonged illness (where clearly proved) long absence from station or other genuine in capabilities).
- (b) There is proper authorization in favor of the person acting on behalf of the client (proper POA together with the photograph of the client and the person acting on behalf of the client affixed on POA, which is notarized).
- (c) In what manner account should be operated, what limits can be provided the right & responsibilities of the client and the POA holder, etc., are clearly mandated in POA.

5.5 Ensure that identity of the client does not match with any person having known criminal background or is not banned in any other manner.

5.6. The following are considered as special category clients and in respect of all them utmost care should be taken to clearly identify the client before the account is opened.

The category of clients referred to herein are: -

- (a) Nonresident clients
- (b) High net worth clients
- (c) Trust, Charities, NGOs and organizations receiving donations
- (d) Companies having close family shareholdings or beneficial ownership
- (e) Politically exposed persons (PEP) of foreign origin
- (f) Current / Former Head of State, Current or Former Senior High profile politicians and connected persons)
- (g) Companies offering foreign exchange offerings
- (h) Non Face to Face Clients
- (i) 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 reputed to be any of the following Havens / Sponsors of international terrorism, Offshore financial centers and as guided by the Financial Action Task Force (FATF) as published in its website www.fatf-gafi.org.

(j) Clients with dubious reputation as per public information available.

5.7 As far as possible reference and confidential report about the genuinely of the client should be obtained from the client's bankers in respect of all cases other than (e),(g)

5.8. As far as possible and except where it is unambiguously made known that the voluntary donations and other receipts of the Trust/Charitable Organizations/NGO are from genuine sources and not from unidentified or fictitious person, no account of trust/charitable organization/NGO should be opened..

5.9 The CDD process shall necessarily be revisited when there are suspicions of money Laundering or financing of terrorism (ML/FT).

6. Customer Identification and Verification

At the time of opening an account or executing any transaction with it, the firm will verify and maintain the record of identity and current address or addresses including permanent address or addresses of the client, the nature of business of the client and his financial status as under

Constitution of Client	Proof of Identity	Proof of Address	Others
Individual	1. PAN Card 2. Aadhaar Card	3. Copy of Bank Statement, etc	4. N.A.
Company	1. PAN Card 2. Certificate of incorporation	5. As above	6. Proof of Identity of the

	3. Memorandum and Articles of Association 4. Resolution of Board of Directors		Directors/Others authorized to trade on behalf of the Company
Partnership Firm	1. PAN Card 2. Registration certificate 3. Partnership deed	4. As above	5. Proof of Identity of the Partners/Others authorized to trade on behalf of the firm
Trust	1. PAN Card 2. Registration certificate 3. Trust deed	4. As above	5. Proof of Identity of the Trustees/ others authorized to trade on behalf of the trust.
AOP/ BOI	1. PAN Card 2. Resolution of the managing body 3. Documents to collectively establish the legal existence of such an AOP/ BOI	4. As above	5. Proof of Identity of the Persons authorized to trade on behalf of the AOP/ BOI

- a. If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, our firm will not open the new account.
- b. All PAN Cards received will verify from the Income Tax/ NSDL website before the account is opened.
- c. The firm will maintain records of all identification information for five years after the account has been closed of client and the company.

7. Money Laundering risk assessments

Risk assessment on money laundering is dependent on kind of customers the Company deals with. Typically, risks are increased if the money launderer can hide behind corporate structures such as limited companies, offshore trusts, special purpose vehicles and nominee arrangements

The Risk Assessment is required in order to 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 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 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>.

The risk assessment carried out shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level of 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.

8. Risk Based Approach:

We ensure that the existing guidelines regarding Customer/business acceptance is strictly followed. Existing /past relationship with the client should be verified and ensured that the client is not on the negative list/defaulters list. Detailed search to be carried out to find that the Client is not in defaulters / negative list of regulators.

Accept client whom we are able to meet personally either the client should visit the office /Sub broker/ branch or concerned official may visit the client at his residence / office address to get the necessary documents filled and signed. Preferably accept clients who live within the jurisdiction of the branch. As far as possible, ensure that the new client is introduced by an existing client

The risk to the customer shall be assigned on the following basis:

Low Risk (Level I):

Individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile may be categorized as low risk. The illustrative examples of low risk customers could be salaried employees whose salary structures are well defined, people belonging to lower economic strata of the society whose accounts show small balances and low turnover, Government Departments and Government owned companies, regulators and statutory bodies etc. In such cases, only the basic requirements of verifying the identity and location of the customer shall be met.

Medium Risk (Level II):

Customers that are likely to pose a higher than average risk to the broker may be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc; such as:

- Persons in business/industry or trading activity where the area of his residence or place of business has a scope or history of unlawful trading/business activity.
- Where the client profile of the person/s opening the account, according to the perception of the branch is uncertain and/or doubtful/dubious.

High Risk (Level III) (Clients of Special Category) :

The dealers may apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear. The examples of customers requiring higher due diligence may include

- a) Non Resident Customers,
- b) High Net worth individuals
- c) Trusts, charities, NGOs and organizations receiving donations,
- d) Companies having close family shareholding or beneficial ownership
- e) Firms with 'sleeping partners'
- f) Politically Exposed Persons (PEPs) of foreign origin
- g) Non-face to face customers, and
- h) Those with dubious reputation as per public information available, etc.

Acceptance of Unique E-Mail IDs from Clients or Trading Account Opening:

This has reference to SEBI circular CIR/MIRSD/15/2011 dated August 02, 2011 and Exchange & DP Circulars regarding updation of E-mail IDs and mobile numbers of clients. Our Management has decided to implement the acceptance of Unique Contact details such as E-mail Ids & Mobile No. from the Clients for all the Trading and DP Accounts opening through us.

Exchange has clubbed open positions to check for position limit violations at client level & any violation will attract penalty provisions as per exchange circulars MCX/S&I/331/2016 dated 19th Sep, 2016. Exchange has clubbed client codes with common/same mobile numbers or e-mail ids registered under Trading Member and these clients attract the provisions/patterns such 'person acting in concert', through common ownership and /or control structure or same family/group based on same Email and Contact Details.

9. Maintenance of records

9.1 BALAJI EQUITIES LIMITED shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

9.2 BALAJI EQUITIES LIMITED shall maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behavior.

9.3 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 a financial profile of the suspect account. To enable this reconstruction, BALAJI EQUITIES LIMITED shall retain the following information for the accounts of their clients 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:
 - i. the origin of the funds
 - ii. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.
 - iii. the identity of the person undertaking the transaction;
 - iv. the destination of the funds;
 - v. the form of instruction and authority.

9.4 BALAJI EQUITIES LIMITED shall ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities. Where required by the investigating authority, BALAJI EQUITIES LIMITED 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.

9.5 More specifically, BALAJI EQUITIES LIMITED shall put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:

9.6 The Principal Officer will be responsible for the maintenance for following records:

- all cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency;
- all series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions have exceeds rupees ten lakh.
- all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- all suspicious transactions whether or not made in cash. 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 circumstances of unusual or unjustified complexity; or

- appears to have no economic rationale or bonafide purpose; or
- gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism

Information to be maintained

The records shall contain the following information:

- 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 records will be updated on daily basis, and in any case not later than 5 working days

10. Monitoring Accounts For Suspicious Activity

The firm will monitor through the automated means of Back Office Software for unusual size, volume, pattern or type of transactions. For non automated monitoring, the following kind of activities are to be mentioned as Red Flags and reported to the Principal Officer.

The customer exhibits unusual concern about the firm's compliance with government reporting requirements and the firm's AML policies (particularly concerning his or her identity, type of business and assets), or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspicious identification or business documents.

- The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer's stated business or investment strategy.
- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The customer exhibits a lack of concern regarding risks, commissions, or other transaction costs.
- The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.

- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash, or asks for exemptions from the firm's policies relating to the deposit of cash.
- The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the Rs.10,00,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
- For no apparent reason, the customer insists for multiple accounts under a single name or multiple names, with a large number of inter-account or third-party transfers.
- The customer engages in excessive journal entries between unrelated accounts without any apparent business purpose.
- The customer requests that a transaction be processed to avoid the firm's normal documentation requirements.
- The customer, for no apparent reason or in conjunction with other red flags, engages in transactions involving certain types of securities, such as Z group and T group stocks, which although legitimate, have been used in connection with fraudulent schemes and money laundering activity. (Such transactions may warrant further due diligence to ensure the legitimacy of the customer's activity.)
- The customer's account shows an unexplained high level of account activity.
- The customer maintains multiple accounts, or maintains accounts in the names of family members or corporate entities, for no apparent purpose.
- The customer's account has inflows of funds or other assets well beyond the known income or resources of the customer.

When a member of the firm detects any red flag he or she will escalate the same to the Principal Officer for further investigation

Broad categories of reason for suspicion and examples of suspicious transactions for an intermediary are indicated as under:

Identity of Client

- False identification documents
- Identification documents which could not be verified within reasonable time
- Non-face to face client
- Doubt over the real beneficiary of the account
- Accounts opened with names very close to other established business entities

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Suspicious Background

- Suspicious background or links with known criminals

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

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 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

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

11. Reporting to FIU IND

For Cash Transaction Reporting

- All dealing in Cash that requiring reporting to the FIU IND will be done in the CTR format and in the matter and at intervals as prescribed by the FIU IND
- All regulatory alerts generated by the Market Infrastructure Institutions (MIIs) shall be monitored by the Principal Officer for necessary action to be taken

For Suspicious Transactions Reporting

With the help of third party application deployed which is integrated with the back office will help us to generate the suspicious transaction reports and the same will be analysed for further reporting.

We will make a note of Suspicion Transaction that have not been explained to the satisfaction of the Principal Officer and thereafter report the same to the FIU IND and the required deadlines. This will typically be in cases where we know, suspect, or have reason to suspect:

- the transaction involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade any the transaction reporting requirement,
- the transaction is designed, whether through structuring or otherwise, to evade the any requirements of PMLA Act and Rules framed thereof
- the transaction has no business or apparent lawful purpose or is not the sort in which the customer would normally be expected to engage, and we know, after examining the background, possible purpose of the transaction and other facts, of no reasonable explanation for the transaction, or
- the transaction involves the use of the firm to facilitate criminal activity.

We will not base our decision on whether to file a STR solely on whether the transaction falls above a set threshold. We will file a STR and notify law enforcement of all transactions that raise an identifiable suspicion of criminal, terrorist, or corrupt activities.

All STRs will be reported quarterly to the Board of Directors, with a clear reminder of the need to maintain the confidentiality of the STRs., We will preserved for a period of five years from the date of transaction between client and intermediary.

We will not notify any person involved in the transaction that the transaction has been reported, except as permitted by the PMLA Act and Rules thereof.

Designated Directors :

Sri. J. Sekhara Rao and Sri G Brahmananda Rao, appointed as Designated Directors of company and if there are any changes in Designated Directors details intimate time to time to the respective authorities.

12. AML Record Keeping

a. STR Maintenance and Confidentiality

We will hold STRs and any supporting documentation confidential. We will not inform anyone outside of a law enforcement or regulatory agency or securities regulator about a STR. We will refuse any requests for STR information and

immediately tell FIU IND of any such request we receive. We will segregate STR filings and copies of supporting documentation from other firm books and records to avoid disclosing STR filings. Our Principal Officer will handle all requests or other requests for STRs.

b. Responsibility for AML Records and SAR Filing

Principal Officer will be responsible to ensure that AML records are maintained properly and that STRs are filed as required

c. Records Required

As part of our AML program, our firm will create and maintain STRs and CTRs and relevant documentation on customer identity and verification. We will maintain STRs and their accompanying documentation for at least Ten years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.

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

Records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of eight years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later."

Maintain and preserve the record 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) as well as account files and business correspondence for a period of eight years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.

13. Procedure for freezing of funds, financial assets or economic resources or related services

Maintain updated designated lists in electronic form and run a check on the given parameters on a regular basis to verify whether individuals or entities listed in the schedule to the order (referred to as designated individual /entities) are holding any funds, financial assets or economics resources or related services held in the form of securities with them.

An order to freeze these assets under section 51A of the UAPA under intimation to SEBI and FIU-IND will freeze the account.

14. Training Programs

We will develop ongoing employee training under the leadership of the Principal Officer. Our training will occur on at least two in an annual basis. Circulating information from time to time to the concerned employees pursuant to the PMLA requirement wherein all the employees are made aware about requirement of PMLA viz. procedures to be followed while dealing with potential clients, ongoing due diligence in terms of risk profile, clients transaction etc.

We have taken exclusive online training from third party for implementing the PML Act with the help of their application.

Our training will include, at a minimum: how to identify red flags and signs of money laundering that arise during the course of the employees' duties; what to do once the risk is identified; what employees' roles are in the firm's compliance efforts and how to perform them; the firm's record retention policy; and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the PMLA Act.

We will develop training in our firm, or contract for it. Delivery of the training may include educational pamphlets, videos, intranet systems, in-person lectures, and explanatory memos.

We will review our operations to see if certain employees, such as those in compliance, margin, and corporate security, require specialized additional training. Our written procedures will be updated to reflect any such changes.

15. Program to Test AML Program

a. Staffing

The testing of our AML program will be performed by the Statutory Auditors of the company.

b. Evaluation and Reporting

After we have completed the testing, the Auditor staff will report its findings to the Board of Directors. We will address each of the resulting recommendations.

16. Monitoring Employee Conduct and Accounts

We will subject employee accounts to the same AML procedures as customer accounts, under the supervision of the Principal Officer. We will also review the AML performance of supervisors, as part of their annual performance review. The Principal Officer's accounts will be reviewed by the Board of Directors

17. Confidential Reporting of AML Non-Compliance

Employees will report any violations of the firm's AML compliance program to the Sri Anil Kumar Kotha, Principal Officer, unless the violations implicate the Compliance Officer, in which case the employee shall report to the Chairman of the Board, Shri J

Sekhara Rao. Such reports will be confidential, and the employee will suffer no retaliation for making them.

18. Board of Directors Approval & Review

We have approved this AML program as reasonably designed to achieve and monitor our firm's ongoing compliance with the requirements of the PMLA and the implementing regulations under it. This Policy will be reviewed regularly for any updating and modifications to make the system more robust and effective.

For BALAJI EQUITIES LIMITED For BALAJI EQUITIES LIMITED

J. SEKHARA RAO
Chairman & Managing Director

G. BRAHMANANDA RAO
Director

Place: Hyderabad
Date : 26.02.2024