

HORNIC INVESTMENT PVT. LTD.

MONEY LAUNDERING GUIDELINES

**Guidelines for Compliance of Money Laundering Guidelines as per the provisions of
Anti-Money Laundering Act, 2002**

Sr No	AREA/PROVISION/	Reporting Departments	Steps of Compliance
1	<p>Records & transactions maintenance (1) Every banking company or financial institution or intermediary, as the case may be, shall maintain a record of, -</p>		
	(A) All cash transactions of the value of more than Rs. Ten lakhs or its equivalent in foreign currency	Accounts and Finance	Record to be maintained of all Cash transactions above Rs. 10 lakhs
	(B) 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;	Accounts and Finance	Record to be maintained in case of series of transactions.
	(C) All suspicious transactions whether or not made in cash and by way of : (i) deposits and credits, withdrawals into or from any accounts in whatsoever name they are referred to in any currency maintained by way of : (a) cheques including third party cheques, pay orders, demand drafts, cashiers cheques (b) transfer from one account within the same banking company, financial institution and intermediary, as the case may be, including from or to Nostro and/or Vostro accounts,	Accounts and Finance	Record to be maintained of payments or transfers received from third parties (other than clients) which are of suspicious nature.
	(ii) credits or debits into or from any non-monetary accounts such as d-mat account, security account in any currency maintained by the banking company, financial institution and intermediary, as the case may be;	Back Office/Finance & Accounts	Record is to be maintained for transfers, which are of suspicious transactions in the Demat accounts.
	(iii) money transfer or remittances in favour of own clients or non-clients from India or abroad and to third party beneficiaries in India or abroad including transactions on its own account in any currency by any of the following:- (a) payment orders, or (b) cashiers cheques, or (c) demand drafts, or (d) telegraphic or wire transfers or electronic remittances or transfers, or (e) internet transfers, or (f) Automated Clearing House remittances,	Back Office/Finance & Accounts	Record of suspicious transfer or remittances to or on behalf of clients by mentioned instrument to be maintained.

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	or (g) lock box driven transfers or remittances, or (h) remittances for credit or loading to electronic cards.		
	(iv) Loans and advances including credit or loan substitutes, investments and contingent liability by way of: (a) Subscription to debt instruments such as commercial paper, certificate of deposits, preferential shares, debentures, securities participation, inter bank participation or any other investments in securities or the like in whatever form and name it is referred to, or (b) Purchase and negotiation of bills, cheques and other instruments, or (c) foreign exchange contracts, currency, interest rate and commodity and any other derivative instrument in whatsoever name it is called, or (d) letters of credit, standby letters of credit, guarantees, comfort letters, solvency certificates and any other instrument for settlement and/or credit support;	Accounts and Finance	Record to be maintained for any amount of money received as loans & advances, investment through Preferential shares, debentures etc., letter of credit, guarantees etc. which are of suspicious transactions.
	(v) collection services in any currency by way of collection of bills, cheques, instruments or any other mode of collection in whatsoever name it is referred to.	Accounts and Finance	Record to be maintained for collection of instruments which are suspicious in nature.
2.	Information record - The records referred to in rule 3 shall contain the following information:- (a) the nature of the transactions; (b) the amount of the transaction and the currency in which it was denominated; (c) the date on which the transaction was conducted; and (d) the parties to the transaction.	All Departments	The record of the transactions shall contain the specified data/information.
3.	Procedure and manner of maintaining information. - (1) Every banking company, financial institution and intermediary, as the case may be, shall maintain information in respect of transactions with its client in hard and soft copies .	All Departments	Record of all transactions including suspicious transactions to be maintained in hard & soft copies.
4.	Retention of records - The records are to be maintained for a period of ten years from the date of cessation of the transactions between the client and the banking company, financial institution or	All Departments	Records to be maintained for 10 years.

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	intermediary, as the case may be.		
5.	<p>Furnishing of information to the Director - The Principal Officer shall furnish the information in respect of transactions referred to in rule 3 every month to the Director by the 15th day of the succeeding month other than transactions referred to in clauses (C) and (D) of sub-rule (1) of rule 3: Provided that information in respect of transactions referred to in clauses (C) and (D) of sub-rule (1) of rule 3 shall be promptly furnished in writing or by way of fax or electronic mail to the Director not later than three working days from the date of occurrence of such transactions.</p>	All Departments	All Departments should inform the compliance department immediately on observation of any above said transactions. The 'principal Officer has to furnish information to Director (FIU) within 15th of the next month. However information on counterfeit notes & suspicious transactions mentioned in point 1 C) & (D) is to be furnished within 3 working days to Director.
6.	<p>Verification of the records of the identity of clients. - (1) Every banking company, financial institution and intermediary, as the case may be, shall, at the time of opening an account or executing any transaction with it, 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; Provided that where it is not possible to verify the identity of the client at the time of opening an account or executing any transaction, the banking company, financial institution and intermediary, as the case may be, shall verify the identity of the client within a reasonable time after the account has been opened.</p> <p>(2) Every banking company, financial institution and intermediary, as the case may be, shall formulate and implement a client identification programme, and such other additional requirements that it considers appropriate to enable it to determine the true identity of its clients.</p>	<p>All Branches. Sub brokers</p> <p>Back office/ Compliance Department</p>	<p>1) Not to deal with any client without obtaining & verifying KYC and supporting documents.</p> <p>2) At the time of introduction, verification of the client and all the documents should be obtained from the client.</p> <p>Client identification programme implemented through Client introduction form/agreement, DP client form/agreement etc.</p>
7.	Customer acceptance policy and customer due diligence measures, including requirements for proper identification. A policy has to be framed comprising the	Compliance/ Back Office	The present KYC documents provide for receiving adequate information. Besides

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	<p>following :-</p> <p>(a) Obtaining sufficient information to identify persons who beneficially own or control securities account. Also ongoing due diligence and scrutiny is required throughout the course of the business relationship.</p> <p>(b) A Policy for acceptance of clients is to be framed which will involve grading the clients according to their risk profile e.g. low, medium, high. In case of high-risk category documentation requirements would be more starting from opening of A/cs.</p> <p>(c) The 'Know your Client' (KYC) policy is to be extended to 3 stages i.e. while establishing the intermediary - client relationship, while carrying out transactions for the client or when the intermediary has doubts regarding the veracity or the adequacy of previously obtained client identification data.</p>		<p>the following provisions are to be incorporated in KYC -</p> <p>a. KYC for Broking & Demat A/cs to contain details of Legal owner & beneficial owner.</p> <p>b. 'Risk Profile' low, medium, high to be assessed at the time of accepting KYC by the Back Office and entered in KYC.</p> <p>c. All the employees to continuously verify KYC declarations right from introduction of clients, while executing transactions, when any doubts arise about the veracity or genuineness of the information already filed with us.</p>
8.	Suspicious Transaction Monitoring & Reporting	Compliance Department.	Compliance cell of the Co. to randomly examine a selection of transactions undertaken by clients and to comment on their nature i.e. whether there are any suspicious transactions or not. To be done on a quarterly basis.