

MATA SECURITIES INDIA PVT. LTD.

PROCEDURE FOR COMPLIANCE ON ANTI MONEY LAUNDERING STANDARDS

S. no.	Provisions/Measures	Compliance	Reporting Departments
1	Maintenance of records & transactions (Rule 3) (1) Every banking company or financial institution or intermediary, as the case may be, shall maintain a record of -		
	(A) all cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency.	Record to be maintained of all cash transactions above Rs 10 lakhs	Finance & Accounts
	(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;	Record to be maintained in case of series of transactions.	Finance & Accounts
	(C) 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 ;	Records of specific transactions to be maintained.	Back Office/Finance & Accounts
	(D) all suspicious transactions whether or not made in cash and by way of : “suspicious transaction” means a transaction whether or not made in cash which, to a person acting in good faith (a) gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or (b) appears to be made in circumstances of unusual or unjustified complexity ; or (c) appears to have no economic rationale or bona fide purpose (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) travellers cheques, or c) 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,	Record to be maintained of payments or transfers received from third parties (other than clients) which are of suspicious nature.	Finance & Accounts
	(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 ;	Record is to be maintained for transfers which are of suspicious transactions in the Demat accounts.	Back Office / Finance & 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 :-	Records of suspicious transfers or remittances to or on behalf of clients by mentioned instrument to be maintained.	

	<ul style="list-style-type: none"> (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, or (g) Lock box driven transfers or remittances, or (h) Remittances for credit or loading to electronic cards, 		Back Office / Finance & Accounts
	<p>(iv) loans and advances including credit or loan substitutes, investments and contingent liability by way of :</p> <ul style="list-style-type: none"> (a) subscription to debt instruments such as commercial paper, certificate of deposits, preferential shares, debentures, securitized 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, comforts letters, solvency certificates and any other instrument for settlement and/or credit support; 	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.	Finance & Accounts
	(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.	Recorded to be maintained for collection of instruments which are suspicious in nature.	Finance & Accounts
2.	<p>Records containing Information – The records referred to in rule 3 shall contain the following information :-</p> <ul style="list-style-type: none"> (a) the nature of the transactions; (b) the amount of 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. 	The record of the transactions shall contain the specified data / information.	All Departments
3.	<p>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.</p>	Record of all transactions including suspicious transactions to be maintained in hard & soft copies.	All Departments
4.	<p>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 intermediary, as the case may be.</p>	Records to be maintained for 10 years	All Departments
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</p>	All Departments should inform the compliance department immediately on observation of any above said	

	<p>day of the succeeding month other than transactions referred to in clauses (C) and (D) of sub-rule (1) of rule 3 :</p> <p>Provided that information in respect of transactions referred to in clauses (C) and (D) of sub-rule (1) of the 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>	<p>transactions. The 'Principal Officer' has to furnish information to the Director (FIU) within the 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 the Director.</p>	<p>All Departments</p>
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 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. A copy of the client identification programme shall be forwarded to the Director.</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 done</p> <p>Client identification programme implemented through Client introduction form/agreement, DP client form/agreement etc. Copy to be sent to the Director.</p>	<p>All Branches, Sales personnel / RMs/Dealers</p> <p>Back office / Compliance Department</p>
7.	<p>Customer acceptance policy and customer due diligence measures, including requirements for proper identification.</p> <p>A policy has to be framed comprising the following :-</p> <p>(a) Obtaining sufficient information to identify persons who beneficially own or control securities accounts. 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>The present KYC documents provide for receiving adequate information. Besides 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>Compliance/ Back Office</p>

	<p>(c) Clients of special category are to be identified. These will include NRI, HNIs, Trusts, Charities, NGOs and organizations receiving donations, Politically exposed persons (PEP) of foreign origin, Current / Former Head of State etc.</p> <p>(d) 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>c. Being incorporated in KYC.</p> <p>d. 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 cell of the company 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.	Compliance Department.
9.	High standards in hiring policies and training.	The Company presently has competent professionals to handle all the operations. HR training programmes would also contain adherence to the provisions of Anti money laundering.	Compliance / HR department