

**ANGEL ONE LIMITED**

(Sebi Registration no. INZ000161534)

**Confidential**

***Policy on AML/CFT (Under Prevention of Money  
Laundering Act, 2002) for Angel One Limited.***

*Prepared By: Compliance Team*

*(Approved by the Board of Directors of Angel One Limited at their meeting held on the July 16, 2025)*

**(Ver. 1.9)**

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## Contents

Sr. No.	Particulars	Page No.
1	Introduction	4
2	Prevention of Money Laundering Act, 2002	4
3	Extract of Obligations imposed on Intermediaries under PMLA 2002, clause 12	5
4	Applicability and Scope of PMLA 2002	5
5	Written Anti Money Laundering Procedures	7
6	Client Due Diligence (CDD)	7
7	Policy for acceptance of clients	9
8	Client identification procedure	12
9	Risk Based Approach	13
10	Risk Assessment	13
11	Clients of Special Category (CSC)	15
12	Monitoring of transactions	16
13	Suspicious Transaction Monitoring & Reporting	17
14	Red flag indicators issued by FIU or any other agencies	19
15	Record Management	19
16	Retention of Records	19
17	Procedure for freezing of funds, financial assets or economic resources or related services	21
18	List of Designated Individuals/Entities	21
19	Reporting to Financial Intelligence Unit-India	22
20	Designation of an officer for reporting suspicious transactions:	23
21	Employees Hiring/ Employees Training / Investors' Education	24
22	Review of the policy	25

## **INTRODUCTION**

Angel One Limited (AOL) has various regulatory licenses as an intermediary engaged in various activities like Stock broking, Depository participant, Mutual fund distribution, IPO, Commodity broking, Research Analyst, Investment Advisor, and Point of Presence for NPS distribution etc.

The minimum requirements as stated in the PMLA Act and Rules stated below but not limited to the following should be put in place by all the group companies to adhere to the requirements.

- Risk Assessment
- Screening of clients
- KYC
- Client Identification Procedure
- Client Acceptance Procedure
- Risk Categorization
- Transactional Monitoring
- STR Reporting
- Staff Training
- Maintenance of Records

The above shall be in concurrence with the regulations prescribed by respective regulators as applicable to their respective businesses.

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 AOL and Group Companies to implement the Anti money Laundering provisions envisaged under the PMLA, 2002.

This policy statement shall be applicable to all branches and regional offices of AOL and Group Companies.

AOL is a point of presence under PFRDA regulations and PMLA procedures is applicable to all those clients who are availing NPS subscription service through AOL. This is a common policy framed and is also in compliance with relevant provisions under PFRDA (Pension Fund Regulatory and Development Authority).

## **Prevention of Money Laundering Act, 2002.**

The Prevention of Money Laundering Act, 2002 (PMLA 2002) 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 Director, FIU-IND and Director (Enforcement) have been conferred with exclusive and concurrent powers under relevant sections of the Act to implement the provisions of the Act.

The PMLA 2002 and rules notified there under impose obligation on all banking companies, financial institutions and intermediaries to verify identity of clients, maintain and review records, monitor transactions with clients, and furnish information to FIU-IND.

PMLA 2002 defines money laundering offence and provides for the freezing, seizure and confiscation of the proceeds of crime.

#### **Extract of Obligations imposed on Intermediaries under PMLA 2002, clause 12:**

- (12) (1) Every banking company, financial institution and intermediary shall-
- a) maintain a record of all transactions, the nature and value of which may be prescribed, whether such transactions comprise of a single transaction, or a series of transactions integrally connected to each other, and where such series of transactions take place within a month.
  - b) furnish information of transactions referred to in clause (a) to the Director within such time as may be prescribed.
  - c) verify and maintain the records of the identity of all its clients, in such a manner as may be prescribed.

Provided that where the Principal Officer of a Banking Company or Financial Institution or Intermediary, as the case may be has reason to believe that a single transaction or series of transactions integrally connected to each other have been valued below the prescribed limit so as to defeat the provisions of this section, such officer shall furnish information in respect of such transactions to the Director within the prescribed time.

(2) the records referred to in sub-section (1) shall be maintained for a period of Five years from the date of cessation of the transactions between the clients and the banking company or financial institute or intermediary, as the case may be."

#### **Applicability and Scope of PMLA 2002**

Subsequent to the PMLA 2002, coming into force with effect from 1st July 2005, SEBI issued necessary guidelines vide updated master circular on AML/CFT no.

**SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2018/ 104 dated July 04, 2018**, to all securities market intermediaries registered under Section 12 of the SEBI Act, 1992. Additionally, SEBI has issued the revised master Circular ref No. SEBI/HO/MIRSD/DOP/CIR/P/2019/113 dated October 15, 2019.

Further, SEBI had issued revised master Circular no. **SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78** dated Jun 06, 2024. These Guidelines lay down the minimum requirements / disclosures to be made in respect of clients. However, intermediaries may, based on their internal risk management, specify additional disclosures to be made by clients to address concerns of Money Laundering and suspicious transactions undertaken by clients.

The said circular issues guidelines are to be followed by all Stockbrokers, Authorized Person and Depository Participants. Part I of the circular gives an overview of the obligations to be followed.

1. The obligations imposed are as under: Each registered intermediary should issue a statement of policies and procedures on a group basis where applicable for dealing with money laundering and terrorist financing reflecting the current statutory and regulatory requirements
2. Adopt client acceptance policies and procedures and undertake client due diligence measures which are sensitive to the risk of money laundering and terrorist financing, and have a system in place for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to the law enforcement authorities.
3. Ensure that the content of these Guidelines is understood by their staff members and develop staff members' awareness and vigilance to guard against money laundering and terrorist financing.
4. Should regularly review the policies and procedures on prevention of money laundering and terrorist financing to ensure their effectiveness. Further in order to ensure the effectiveness of policies and procedures, the person doing such a review should be different from the one who has framed such policies and procedures.

**SEBI vide its Master Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated Jun 06, 2024 has given detailed directives for implementation by the intermediaries.**

**Further there are other regulatory circulars that are taken into consideration for preparation of this policy. Various directives in compliance of the same are given below:**

1. **CIR/MIRSD/1/2014 dt. 12.3.2014 - AML/CFT Obligations of securities market intermediaries under PMLA - 2002**
2. **ISD/AML/CIR-2/2009 dt. 23.10.2009 - Combating Financing of Terrorism under Unlawful Activities (Prevention) Act 1967 (UAPA)**
3. **CIR/MIRSD/2/2013 dt. 21.1.2013 - Guidelines regarding identification of Beneficial Ownership**
4. **F. NO9-6/AG-II/2012/ FIU-IND dt. 11.3.2016 - Guidelines for detecting suspicious transactions under PMLA 2005**
5. **Gazette notification from Ministry of Finance dated 1<sup>st</sup> June 2017- Amendments to PMLA (Maintenance of Records) Rules, 2005**
6. **Gazette notification Ministry of Finance dated 7<sup>th</sup> March 2023- Amendments to PMLA (Maintenance of Records) Rules, 2005**
7. **SEBI Master Circular dated Jun 06, 2024 - SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78**

### **Written Anti Money Laundering Procedures**

- i. AOL shall adopt written procedures to implement the Anti Money Laundering provisions as envisaged under the PMLA. Such procedures shall include inter alia the following four specific parameters which are related to the overall Client Due Diligence Process Policy for the acceptance of clients.
- ii. Procedure for identifying the clients.
- iii. Risk Management.
- iv. Monitoring of transactions.

*AOL has prepared the policy statement covering all the points as per the guidelines 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 AOL and Group Companies to implement the Anti money Laundering provisions envisaged under the PMLA, 2002. This policy statement shall be applicable to all branches and regional offices.*

*The policy has been approved by the Board in its meeting held on January 13, 2025. and the subsequent modifications as per fresh SEBI guidelines also approved by the Board in its meeting held on January 13, 2025. The policy shall be updated periodically as and when fresh/revised guidelines are issued by the regulators, with proper version controls and shall be placed before the Board for approval.*

### **Client Due Diligence (CDD)**

AOL has implemented a strong internal framework while establishing business relationships with the clients. Comprehensive Client identification procedure and client acceptance framework is followed to identify types and risks of the clients. Clients are screened to check those falling under SEBI debarred list, UN list, UAPA, FATF listed jurisdictions, other regulatory directions or dubious reputation per publicly available information etc.

#### **The CDD measures comprise the following:**

- i. Obtaining sufficient information in order to identify persons who beneficially own or control the securities account. Whenever 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 who ultimately owns, control or influence a client and/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.
- ii. Identify the clients, verify their identity using reliable and independent sources of identification, obtain information on the purpose and intended nature of the business relationship, where applicable.

- iii. Verify the client's identity using reliable, independent source documents, data or information. Where the client purports to act on behalf of juridical person or individual or trust, the registered intermediary shall verify that any person purporting to act on behalf of such client is so authorized and verify the identity of that person.

Provided that in case of a Trust, the reporting entity shall ensure that trustees disclose their status at the time of commencement of an account-based relationship.

- iv. Identifying 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. The beneficial owner shall be determined as under-

**where the client is a company**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.

**Explanation:** - For the purpose of this sub-clause: -

- i. "Controlling ownership interest" means ownership of or entitlement to more than 10 % of shares or capital or profits of the company.
- ii. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders' agreements or voting agreements.

**b) where the client is a partnership firm**, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of/ entitlement to more than 10% of capital or profits of the partnership or who exercises control through other means.

**Explanation:** - For the purpose of this clause: -

"Control" shall include the right to control the management or policy decision.

**c) where the client is an unincorporated association or body of individuals**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than 15% of the property or capital or profits of such association or body of individuals.

d) where no natural person is identified under (a) or (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

e) **Where the client is a trust**, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10% or more interest in the trust, settlor, protector and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership; and

f) where the client or the owner of the controlling interest is an entity listed on a stock exchange in India, or it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions notified by the Central Government, or it is a subsidiary of such listed entities, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.

g) **Applicability for foreign investors:** Registered intermediaries dealing with foreign investors' may be guided by SEBI Master Circular SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022, and amendments thereto, if any, for the purpose of identification of beneficial ownership of the client.

v. 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 (iii);

vi. Understand the nature of business, ownership and control structure of the client;

vii. Conduct 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 the registered intermediary's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds;

viii. Registered intermediaries shall review the due diligence measures including verifying again the identity of the client and obtaining information on the purpose and intended nature of the business relationship, as the case may be, when there are suspicions of money laundering or financing of the activities relating to terrorism or where there are doubts about the adequacy or veracity of previously obtained client identification data;

ix. Registered intermediaries shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process such that the information or data collected under client due diligence is kept up-to-date and relevant, particularly for high risk clients.;

x. Every registered intermediary shall register the details of a client, in case of client being a non-profit organisation, on the DARPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for a period of five years after the business relationship between a client and the registered intermediary has ended or the account has been closed, whichever is later;

xi. Where registered intermediary is suspicious that transactions relate to money laundering or terrorist financing, and reasonably believes that performing the CDD process will tip-off the client, the registered intermediary shall not pursue the CDD process, and shall instead file a STR with FIU-IND.

#### **Policy for acceptance of clients:**

AOL has developed client acceptance policies and procedures that aim to identify the types of clients that are likely to pose a higher than the average risk of money laundering or terrorist financing. By establishing such policies and procedures, AOL will be in a better position to apply client due diligence on a risk sensitive basis depending on the type of client business relationship or transaction. In a nutshell, the following safeguards are to be followed while accepting the clients:

In order to ensure that the guidelines issued by various regulators from time to time are strictly adhered to, AOL has implemented a Comprehensive System of Internal Control across the company.

We have put in place a strict client profiling and monitoring system, encompassing client profiling at the account opening stage, critical examination of trading pattern / holding pattern of the clients, demat transaction, periodical scrutiny of client account maintained with us and regular review of these policies and procedures.

- i. AOL does not allow the opening of or keep any anonymous account or account in fictitious names or account on behalf of other persons whose identity has not been disclosed or cannot be verified;

Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to client' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters should enable classification of clients into low, medium and high risk. Clients of special category will be classified as High Risk client.

- ii. The AOL shall undertake enhanced due diligence measures as applicable for Clients of Special Category (CSC). CSC shall include the following:
  - Non-resident clients;
  - High net-worth clients;
  - Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations;
  - Companies having close family shareholdings or beneficial ownership;
  - Politically Exposed Persons (PEP). PEP are individuals who are or have been entrusted with prominent public functions by a foreign country, including the heads of states/governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials. The additional norms applicable to PEP as contained in the subsequent paragraph 14 of this circular shall also be applied to the accounts of the family members or close relatives of PEPs;
  - Clients in high-risk countries. While dealing with clients from or situated in high risk countries or geographic areas or when providing delivery of services to clients through high risk countries or geographic areas i.e. places where existence or effectiveness of action against money laundering or terror financing is suspect, AOL apart from being guided by the FATF statements that inter alia identify such countries or geographic areas that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website ([www.fatf-gafi.org](http://www.fatf-gafi.org)) from time to time, shall also independently access and consider other publicly available information along with any other information which they may have access to. However, this shall not preclude AOL from entering into legitimate transactions with clients from or situate in such high-risk countries and geographic areas or delivery of services through such high-risk countries or geographic areas

- Non face to face clients. Non face to face clients means clients who open accounts without visiting the branch/offices of AOL or meeting the officials of the AOL. Video based customer identification process is treated as face-to-face onboarding of clients;
- Clients with dubious reputation as per public information available etc;
- Clients against whom Suspicious Transaction Report is filed with FIU India;
- Regulatory requirements.

The above-mentioned list is only illustrative, and AOL shall exercise judgment to ascertain whether any other set of clients shall be classified as CSC or not.

- iii. Documentation requirement and other information to be collected in respect of different classes of clients depending on 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.
- iv. Ensure that an account is not opened where the intermediary is unable to apply appropriate CDD measures / KYC policies. This may be applicable in cases where it is not possible to ascertain the identity of the client, or the information provided to the intermediary is suspected to be non-genuine, or there is perceived non-cooperation of the client in providing full and complete information. The market intermediary should not continue to do business with such a person and file a suspicious activity report. It should also evaluate whether there is suspicious trading in determining whether to freeze or close the account. The AOL should be cautious to ensure that it does not return securities or money that may be from suspicious trades. However, the AOL should consult the relevant authorities in determining what action it should take when it suspects suspicious trading.
- v. The circumstances under which the client is permitted to act on behalf of another person / entity should be clearly laid down. It should be specified in what manner the account should be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity / value and other appropriate details. Further the rights and responsibilities of both the persons i.e. the agent-client registered with the intermediary, as well as the person on whose behalf the agent is acting should be clearly laid down. Adequate verification of a person's authority to act on behalf of the client should also be carried out.
- vi. Necessary checks and balance to be put into place before opening an account so as to ensure that the identity of the client does not match 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 agency worldwide.

- vii. The CDD process shall necessarily be revisited when there are suspicions of ML/FT.

#### **Client identification procedure:**

The KYC policy should clearly spell out the client identification procedure to be carried out at different stages i.e. while establishing the intermediary – client relationship, while carrying out transactions for the client or when the AOL has doubts regarding the veracity or the adequacy of previously obtained client identification data.

AOL shall be in compliance with the following requirements while putting in place a Client Identification Procedure **(CIP)**:

- i. Proactively put in place appropriate risk management systems to determine whether their existing/potential client or the beneficial owner of such clients is a Politically Exposed Person (PEP). Such procedures would include seeking additional information from clients, accessing publicly available information or accessing the commercial electronic database of PEPs etc;
- ii. Requirement for obtaining senior management approval for establishing business relationships with PEPs. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, AOL obtains senior management approval to continue the business relationship;
- iii. Shall also take reasonable measures to seek source of funds as well as the wealth of clients and beneficial owners identified as PEP;
- iv. The client should be identified by using reliable sources including documents / information. The AOL should obtain adequate information to satisfactorily establish the identity of each new clients and the purpose of the intended nature of the relationship;
- v. The information should be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the intermediary in compliance with the directives. Each original document should be seen prior to acceptance of a copy;
- vi. Failure by prospective client to provide satisfactory evidence of identity should be noted and reported to the higher authority within the AOL.

#### **Risk Management & Risk Based Approach**

1. AOL shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and should have policies approved by their senior management, controls and procedures in this

regard. Further, the AOL shall monitor the implementation of the controls and enhance them if necessary.

2. It is generally recognized that certain clients may be of a higher or lower risk category depending on circumstances such as the client's background, type of business relationship or transaction etc. As such, the AOL should apply each of the client's due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that the AOL should adopt an enhanced client due diligence process for higher risk categories of clients. Conversely, a simplified client due diligence process may be adopted for lower risk categories of clients. In line with the risk-based approach, the type and amount of identification information and documents that AOL should obtain necessarily depend on the risk category of a particular client.
3. Further, low risk provisions shall not apply when there are suspicions of ML/FT or when other factors give rise to a belief that the customer does not in fact pose a low risk.
4. **Risk Assessment**
  - a) AOL 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 (these can be accessed at the URL - [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_lists.html](http://www.un.org/sc/committees/1267/aq_sanctions_lists.html) and <http://www.un.org/sc/committees/1988/lists.html>)
  - b) 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.
  - c) AOL shall identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and existing products.

The AOL shall ensure:

- i. To undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and
- ii. Adoption of a risk based approach to manage and mitigate the risks.

- d) 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

*In order to ensure that the guidelines are compiled, AOL has implemented a Comprehensive System of Internal Control across the company. We have put in place a strict client profiling and monitoring system, encompassing client profiling at the account opening stage, critical examination of trading pattern /*

*holding pattern of the clients, demat transaction, periodical scrutiny of client account maintained with us and regular review of these policies and procedures.*

The initiatives undertaken by our various departments, to implement AML/CFT (Anti money Laundering/Combating Financing of Terrorism) standards as envisaged under PMLA, 2002 and other regulatory authorities from time to time, are as under:

The following safeguards are followed as a policy while accepting the clients-

1. No account will be opened in a fictitious / benami name or on an anonymous basis.
2. Mandatory SEBI guidelines such as in person verification, verification of PAN with Income-tax website, verification of original documents with the copies
3. Ensuring that an account is not opened where it is not possible to ascertain the identity of the client, or the information provided is suspected to be non-genuine, or in case of non-cooperation of the client in providing full and complete information.
4. Before opening of client accounts, check should be done to verify whether the client's name matches with names in any of the following lists:
  - i) SEBI Debarred List
  - ii) UNSC
  - iii) Politically Exposed Persons (PEP)
  - iv) OFAC (Office of the Foreign Access and Control given by US Treasury Dept.)
  - v) FATF
  - vi) NSE and BSE Arbitration
  - vii) UAPA/ Weapons of Mass Destruction (WMD)
  - viii) FCRA
  - ix) Interpol
  - x) Any such other list that may be specified by the regulators/compliance department from time to time.

Accounts should not be opened of clients with a known criminal background.

*Scanning of all existing accounts will be done to ensure that no account is held by or linked to any of the entities or individuals included in the list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) or any other banned or notified entity.*

5. No account shall be opened for the clients whose E-KYC Authentication or Yes/No Authentication for the Aadhaar number issued by Unique Identification Authority of India (UIDAI) fails.
6. Risk categorization of the clients is done based on their financial details and nature of business/ occupation. Review of such risk categorization is done periodically based on the change in client status, financial position, occupation etc. The parameters for categorizing the clients are also subject

to review from time to time.

7. The transactions for which the alerts are generated are verified based on knowledge about the clients profile. For this purpose, fresh information is sought from the clients regarding financial details/ net worth etc. periodically.

*Various MF /TF risks are identified, and appropriate risk mitigation measures are undertaken for current products and new products / licenses.*

#### **Clients of Special Category (CSC)**

- i. Non-Resident clients;
- ii. High net-worth clients;
- iii. Trust, Charities, Non-Governmental Organizations (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 paras of this 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, 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 which government sanctions are applied, countries reputed to be any of the following – Havens / sponsors of international terrorism, offshore financial centres, 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;
- x. Clients against whom Suspicious Transaction Report is filed with FIU India;
- xi. Regulatory Requirements.

The above mentioned list is only illustrative and the intermediary should exercise independent judgment to ascertain whether any other set of clients should be classified as CSC or not.

*AOL is strictly complying with all the KYC norms laid down by the regulators. From the risk management perspective, AOL has developed a process of initial screening of all the new clients, on the basis of the details such as: Client type, residential status, nationality, occupation and income details. The clients are categorized into low risk profile, medium risk profile and High-risk profile. Category of clients are reviewed periodically. The parameters for client profiling are dynamic and subject to review from time to time.*

*Clients of Special Category are categorized as High-Risk Clients and their financial details and nature*

*of business are updated on a periodic basis. Ongoing due diligence is carried out for the clients based on their risk profiling. Clients' profiles are reviewed periodically based on risk categorization. Their risk category is revised based on such fresh details of the clients.*

**Medium Risk Clients:**

For clients that do not form under the special category mentioned above we take into account other details like occupation of the client, age of the client. Specific occupations of the client will

mean that client will be marked as medium risk as per the data declared in the KYC form.

**Name Risk Category Criteria**

Occupation Medium Clients declaring occupation as Agriculture and Professionals.

In exceptional circumstances the KYC team may allot the **"medium"** risk to the client if there is a sufficient reason that the client should be above low and not high.

Low Risk Clients: Any client not falling under the category of High or Medium

*AOL may rely on third party for the purpose of identification and verification of the identity of a client and determination of whether the client is acting on behalf of a beneficial owner. Such reliance shall be subject to the conditions specified under PMLA & SEBI circular/ guidelines.*

**Monitoring of transactions :**

Regular monitoring of transactions is vital for ensuring effectiveness of the AML procedures. This is possible only if the intermediary has an understanding of the normal activity of the client so that it can identify deviations in transactions / activities.

The intermediary shall pay special attention to all complex, unusually large transactions / patterns which appear to have no economic purpose. The intermediary may specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits.

The background including all documents/office records/memorandums/clarifications sought pertaining to such transactions and purpose there of shall also be examined carefully and findings shall be recorded in writing. Further such findings, records and related documents shall be made available to auditors and also to SEBI/stock exchanges/FIUIND/other relevant Authorities, during audit, inspection or as and when required. Suspicious transactions shall also be regularly reported to the higher authorities within the intermediary. These records are required to be maintained and preserved for a period of five years from the date of the transaction between the client and intermediary.

The AOL shall apply client due diligence measures also to existing clients on the basis of materiality and risk, and conduct due diligence on such existing relationships appropriately. The extent of monitoring shall be aligned with the risk category of the client.

## **Suspicious Transaction Monitoring & Reporting**

Intermediaries shall ensure that appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting. While determining suspicious transactions, intermediaries shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time. Indicative types of Suspicious Transactions, Abandoned Transactions, TAT for reporting Suspicious Transactions and additional due diligence for transactions from clients from high-risk countries are also given in the SEBI Master circular on AML/CFT.

From transactions monitoring perspective, AOL has following systems:

We have availed Trackwizz software for AML, Screening and Transaction monitoring purpose.

- a. TrackWizz provides various alert scenarios from Surveillance and AML perspective, it also includes RFI alerts as mandated by FIU.
- b. In house surveillance system that triggers various alerts.
- c. Transaction alerts downloaded by Exchanges and Depository.
- d. Fraud detection process to investigate into unusual transactions.

Once the alert is generated, the team scrutinizes client transactions and arrives at logical conclusion based on analysis and evidence gathered.

## **Depository Alerts**

CDSL sends fortnightly alerts based on various undisclosed parameters. The alerts are treated as red flag

alerts and taken up for further scrutiny. The team scrutinizes every alert based on the data of client profile available and decides whether the same is suspicious or not. For ascertaining the same, various websites are referred for reference and additional information wherever necessary.

## **Exchange Alerts**

Stock exchanges send transactional alerts in their respective portals. The same is scrutinized, with the client profile available. Wherever necessary additional information is sought from the clients to decide whether the same is suspicious or not.

**Note:** *All the alerts received from the regulators and exchanges are reviewed and closed within the stipulated time frame.*

## **Internal alerts**

We have developed multiple alert scenarios based on the guidelines provided by the stock exchanges and the regulators. All the alerts are reviewed by a dedicated team of analysts.

Additionally, Money Pay-in /Out alerts are generated and the same is scrutinized to determine if the same are suspicious considering the financial transactions viz-a-viz income and net worth of the client. For determining there are various parameters applied, and multiplier system is used based on the financial details of the client available in the system. Similarly complex and unusually large

transactions are monitored and analyzed.

The alerts are discussed among PMLA officials, and the cases are closed based on the understanding of the transaction. In case of doubts in deciding, the cases are discussed with senior officials and the final authority to decide on reporting to FIU is Principal Officer. The Principal Officer has full access to all the data and information related to the matter and access to the top management.

Suspicious transactions are reported within 7 days from the date of determining that the same is suspicious.

Records of all the alerts with observations are preserved. Top Management and Board is informed regarding the status of alerts. Also, quarterly statistics are shared with the management.

Once the alert is generated, the team scrutinizes client transactions and arrives at a logical conclusion based on analysis and evidence gathered. Alerts are reviewed and closed within a reasonable time frame.

*Activities in clients' accounts are regularly monitored based on the following indicative parameters.*

### **1. Multiple Accounts**

- Multiple accounts having a common account holder, address, bank details or any other identity;
- Unexplained transfers between multiple accounts.

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

- Unusual activity compared to past transactions;
- Use of different accounts by clients;
- Sudden activity in dormant accounts;
- Activity inconsistent with client's source of income or nature of business;
- Account used for circular/front running 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;
- Transactions reflect likely market manipulations;
- Suspicious off market transactions.

### **4. Value of Transactions**

- Value just under reporting threshold amount in an apparent attempt to avoid reporting;
- 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.

### **5. Red flag indicators issued by FIU or any other agencies**

- System dependent alerts such as Artificial Volume creation, High Value deals, synchronized Cross and Self trades, turnover vis-a-vis financial income submitted by the client, high value transactions in a new account or dormant account, frequent small quantity transactions in an account, structuring of purchases and trading in illiquid scrips etc.
- System Independent alerts such as client submitted forged or false identification documents. Client being investigated for various offences. Regulatory orders, adverse media reports, clients providing inconsistent information, carrying out complex transactions having no economic rationale etc.

*The Company shall review and update the Red flag indicators for identifying suspicious transactions provided by FIU and other Regulatory agencies from time to time.*

*In addition to the above scenarios, we also have in-house report which capture the trading pattern of our clients on the basis of pre-defined criteria in various segments.*

### **Record Management**

#### **Information to be obtained Record Keeping**

#### **Retention of Records**

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

- i. the nature of the transactions;
- ii. the amount of the transaction and the currency in which it is denominated;
- iii. the date on which the transaction was conducted; and
- iv. the parties to the transaction.

AOL 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.

AOL shall maintain such records as are sufficient to permit reconstruction of individual transactions. AOL shall ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities, more specifically, all the intermediaries shall put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PMLA. Intermediaries are required to maintain and preserve the information in respect of transactions referred to in Rule 3 of PMLA Rules.

AOL shall take appropriate steps to evolve an internal mechanism for proper maintenance and preservation of such records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. Further, the records mentioned in Rule 3 of PMLA Rules have to be maintained and preserved for a period of five years from the date of transactions between the client and intermediary.

*Steps are taken to comply with the record preservation and maintenance requirements as per*

regulator guidelines. The following information as regards the accounts of the customers is retained in order to maintain a satisfactory audit trail:

- The beneficial owner account opening documents;
- The identification documents of the clients with remarks of the verifying official;
- The volume of the funds flowing through the account;
- Communication with the clients regarding their transactions and identification;
- Ledger & Transaction details of the clients;
- Instruction slip/ communication and other documents related to transactions;
- Any other documents /files as mandated by the regulators from time to time.

The documents are maintained with renowned storage houses where retrieval of the same can be done quickly. The documents are maintained for a minimum period of 5 years as specified by SEBI. Further, Depository Participants (DPs) are required to preserve the records and documents for a minimum period of 8 years. In the case of on-going investigation, the documents shall be maintained till it is confirmed that the case under investigation is closed. Proper back-up of the electronic data shall also be preserved.

In terms of the guidelines from SEBI dated March 12, 2014, the records evidencing the identity of clients and beneficial owners including the related documents shall be maintained and preserved for a period of 5 years after the business relationship has ended or account closed. Likewise, the records and the related documents such as identity documents shall be maintained for a minimum period of 5 years from the date of closing of the account. The record of information related to transactions shall be preserved for a period of 5 years from the date of the transaction.

#### **Amendment to PML (Maintenance of Records) Rules, 2005**

The central government in consultation with the Reserve Bank of India has made the amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 and has issued Gazette Notification No. 92 dated February 13, 2019. As per the notification, every reporting entity shall, where the client submits his Aadhaar number, ensure such client redacts or blackout his Aadhaar number through appropriate means where the authentication is not required under subrule 15.

Angel shall comply with the circular and collect the Aadhaar details of clients as per the provisions mentioned in the notification.

#### **Procedure for freezing of funds, financial assets or economic resources or related services**

Section 51A, of the Unlawful Activities (Prevention) Act, 1967 (**UAPA**), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In order to ensure expeditious and effective implementation of the provisions of Section 51A of UAPA, Government of India has outlined a procedure through an order dated February 02, 2021 for strict compliance. These guidelines have been further amended vide a Gazette Notification dated

June 08, 2021. Corrigendum dated March 15, 2023 and April 22, 2024 have also been issued in this regard. The list of Nodal Officers for UAPA is available on the website of MHA.

The screening process is carried out for all new clients at the time of opening of the account. Clients are screened to check those falling under SEBI debarred list, UN list, UAPA/WMD, FATF listed jurisdictions, other regulatory directions or dubious reputation per publicly available information etc. If any client match is found in UAPA list the application is rejected. In the case of existing clients match, with the particulars of designated entities, the full particulars of the same including the finance details are intimated the authorities as per the guidelines given in SEBI circular. An updated list of such entities is maintained and screening done on a regular basis through Trackwizz software used for screening and AML Monitoring.

#### **List of Designated Individuals/Entities**

The Ministry of Home Affairs, in pursuance of Section 35(1) of UAPA 1967, declares the list of individuals/entities, from time to time, who are designated as 'Terrorists' and Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 The AOL shall take note of such lists of designated individuals/terrorists, as and when communicated by SEBI. All orders under section 35(1) and 51A of UAPA relating to funds, financial assets or economic resources or related services, circulated by SEBI from time to time shall be taken note of for compliance.

An updated list of individuals and entities which are subject to various Sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council .

Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website. AOL shall ensure that accounts are not opened in the name of anyone whose name appears in said list. AOL shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to SEBI and FIU-IND. (SEBI circular/SD/AML/CIR-2/2009 dt. October 23, 2009)

#### **Jurisdictions that do not or insufficiently apply the FATF Recommendations**

FATF Secretariat after conclusion of each of its plenary, releases public statements and places jurisdictions under increased monitoring to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing risks. In this regard, FATF Statements circulated by SEBI from time to time, and publicly available information, for identifying

countries, which do not or insufficiently apply the FATF Recommendations, shall be considered by the AOL.

*The AOL shall take into account the risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statements. However, it shall be noted that the regulated entities are not precluded from having legitimate trade and business transactions with the countries and*

jurisdictions mentioned in the FATF statements.

### Reporting to Financial Intelligence Unit-India

In terms of the PML Rules, intermediaries are required to report information relating to suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

Director, FIU-IND,  
 Financial Intelligence Unit - India  
 6th Floor, Tower-2, Jeevan Bharati Building,  
 Connaught Place, New Delhi-110001, INDIA  
 Telephone: 91-11-23314429, 23314459  
 91-11-23319793(Helpdesk) Email: helpdesk@fiuindia.gov.in  
 (For FINnet and general queries) - ctrcell@fiuindia.gov.in  
 (For Reporting Entity / Principal Officer registration related queries) - [complaints@fiuindia.gov.in](mailto:complaints@fiuindia.gov.in)  
 Website: <http://fiuindia.gov.in>

*AOL has registered itself with FIU-IND in its FIN-NET utility for the purpose of reporting Suspicious Transactions and FIUREID number is allotted as a reference id for uploading the STRs. Prior to reporting Principal Officer's approval is obtained and utmost confidentiality and adherence to regulatory timelines are maintained for reporting. The team of staff working in the PMLA team are well versed with the guidelines of PMLA and do not tip off the reporting.*

Below mentioned transaction are reported to FIU-IND:

Report	Description	Due Date
CTR	All cash transactions of the value of more than Rs.10 Lakhs or its equivalent in foreign currency. Also, all series of cash transaction 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	15 <sup>th</sup> day of the succeeding month
STR	All suspicious transactions whether or not being made in cash	Not later than seven days on satisfied that the transaction is suspicious
NTR	Non-Profit Organization Transaction Report	15 <sup>th</sup> day of the succeeding month

The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND. Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU-IND. No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/ non - profit organization transactions to be reported. Non-profit organization" means any entity or organization, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a

society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013);”

There shall not be any restrictions on operations in the accounts where an STR has been made. The Registered intermediary and the directors, officers and employees (permanent and temporary) will be prohibited from disclosing (“tipping off”) the fact that a STR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR and/ or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level.

Irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in the PMLA, 2002, an STR shall be filed, if there are reasonable grounds to believe that the transactions involve proceeds of crime.

#### Designation of an officer for reporting of suspicious transactions:

To ensure that the registered intermediaries properly discharge their legal obligations to report suspicious transactions to the authorities, the Principal Officer 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 and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors. Names, designation and addresses (including email addresses) of ‘Principal Officer’ including any changes therein shall also be intimated to the Office of the Director-FIU-IND. In terms of Rule 2 (f) of the PML Rules, the definition of a Principal Officer reads as under:

Principal Officer means an officer designated by a registered intermediary. Provided that such officer shall be an officer at the management level.

In addition to the existing requirement of designation of a Principal Officer, the AOL has also designated a person as a **‘Designated Director’** in terms of Rule 2 (ba) of the PMLA Rules.

*AOL has designated the ‘Principal Officer’. He has access to all the documents and top Management including the Board of Directors.*

*The name of the Principal Officer has been intimated to the Director-FIU and other regulators such as SEBI and MIs. 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. There is a process in place to intimate the change in Principal Officer immediately in case of any change.*

*In addition to the existing requirement of designation of a Principal Officer, AOL has also designated a Designated Director. The same has been intimated to the Director-FIU.*

*AOL has also registered itself with FIU-IND for the purpose of uploading suspicious transactions online and the registration number is allotted.*

#### Employees Hiring/ Employees Training / Investors’ Education

## **Hiring of Employees**

The AOL shall have adequate screening procedures in place to ensure high standards when hiring employees. They shall identify the key positions within their own organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties

*AOL has adequate screening procedures in place to ensure high standards when hiring employees. Screening of all the employees is carried out to ensure that their name/ Pan does not match with any barred*

*, notified entity, having criminal records or barred by the regulators. It identifies the key positions within the organizations and ensures that the employees taking up such key positions are suitable and competent to perform their duties. Further, no candidate is selected who has ever been convicted of offence under Money Laundering Act or any other civil or criminal Act.*

## **Employees' Training**

Intermediaries must have an ongoing employee training programme so that the members of the staff are adequately trained in AML and CFT procedures. Training requirements shall have specific focuses for frontline staff, back-office staff, compliance staff, risk management staff and staff dealing with new clients. It is crucial that all those concerned fully understand the rationale behind these directives, obligations and requirements implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

*All employees are given initial training on PMLA guidelines at the time of induction for new joiners. Authorized Persons are given training on PMLA guidelines on a periodical basis. Ongoing training of ML/ FT procedures given to frontline, back office, compliance, risk management and staff dealing with new clients. AML policy is uploaded in Darwin Box for the information of all the staff so that they can upgrade their knowledge on regulatory guidelines and AOL initiative.*

## **Investors' Education**

Implementation of AML/CFT measures requires intermediaries to demand certain information from investors which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. This can sometimes lead to the raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for intermediaries to sensitize their clients about these requirements as the ones emanating from AML and CFT framework. Intermediaries shall prepare specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT programme.

*While seeking information from clients like income details, occupation or other relevant data clients are sensitized by intimating the reasons for seeking the information giving reference to the regulator guidelines which ensures cooperation from the clients in submission of the required data for updating their profile. Investor education material on PMLA guidelines is made available on our website for the information of the clients to enable them to understand the regulatory guidelines and extend their*

cooperation to us in compliance requirements.

**Review of the policy**

This policy has the approval of the Board of Directors, and it may be reviewed from time to time as and when any material changes introduced by any Regulatory bodies or at least once in a year.

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