



RIKHAV SECURITIES LTD

Member: BSE • NSE • ICEX • DP : CDSL

Growth, Returns and Security

CIN : U99999MH1995PLC086635

Prevention of Money Laundering Act,2002

M/s Rikhav Securities Limited

Member:-

BSE

NSE

MSEI

MCX

ICEX

CDSL

Updated — SEBI Master Circular dated 4th July 2018 vide circular

SEBI/HO/MIRSD/DOS3/CIR/P/2018/104





Policy framed based on Prevention of Money Laundering Act, 2002, the Rules framed there under and Circulars issued by Regulatory Authorities.

A. Designated Director

As per the requirement of Prevention of Money Laundering Act, 2002, a Designated Director has been appointed and informed to FIU. Designated Director will ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules.

B. Principal Officer

As per the requirement of Prevention of Money Laundering Act, 2002, a Principal Officer has been appointed and informed to FIU. Principal Officer will be responsible for reporting any transactions covered under Prevention of Money Laundering Act, 2002.

C. Risk Assessment

We are carrying risk assessment to identify, assess and are taking 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 http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and <http://www.un.org/sc/committees/1988/list.shtml>).

By classifying the clients, we will be in a better position to apply appropriate customer due diligence process. That is, for high risk client we have to apply higher degree of due diligence. In order to achieve this, all clients should be classified in the following category;

High Risk – All special category clients are considered as high risk clients

Medium Risk – Specific clients with medium risk with related to occupation and income details provided.

Low Risk – All other clients are marked as low risk.

Obtaining Documentation and updating into back- office

Low Risk : once in three years

Medium Risk : once in two years

High Risk : Annually

Review of Risk constantly after the On Boarding: The ongoing risk review can trigger the client's risk to be upgraded based on the following parameters or events.

a. Change of the client relationship from Indian to NRI. The risk would be upgraded to "High"

b. If in future it is known that a client is PEP then apart from seeking permission from the management to continue the relationship, the client should be immediately upgraded to High risk



- c. If it is later realized or the existing client is registered as a foreign exchange dealer the client will have to be upgraded to High risk.
- d. If a client is residing in a country which has been recently declared by the FATF as a high risk jurisdiction or an existing client moves base into a high risk jurisdiction then naturally in both the cases client will be immediately upgraded to "High" risk.
- e. If it is realized by the management that the existing client's reputation is tainted because of a SEBI debarred or any such announcement then the client will be upgraded to "High"
- f. On intimation by any employee of the organization that can alert the principal officer based on any news item or an event in the public domain which can lead the risk to be made "High"
- g. Customers that are likely to pose a higher than average risk too shall be categorized as high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc. The company shall apply Customer 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 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.

Reliance on third party for carrying out Client Due Diligence (CDD)

1. We 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 monitored for, and have measures in place for compliance with CDD and record-keeping requirements 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 regulations and circulars/ guidelines issued by SEBI from time to time. Further, it is clarified that we shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

D. Customer Due Diligence

1. New customer acceptance procedures adopted include following processes:

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 Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed in the United Nations website at <http://www.un.org/sc/committees/1267/consolist.shtml>. Before opening any new account, it will be ensured that the name/s of the proposed customer does not appear in the list. Further, 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 should immediately be intimated to SEBI and FIU-IND



