

## ANTI MONEY LAUNDERING POLICY

### 1. BACKGROUND

- Pursuant to the recommendations made by the Financial Action Task Force on anti-money laundering standards, SEBI had issued the Guidelines on Anti Money Laundering Standards vide their notification No.ISD/CIR/RR/AML/1/06 dated January 18, 2006, vide Circular No.ISD/CIR/RR/AML/2/06 dated March 20, 2006 vide letter No. ISD/AML/CIR-1/2008 dated December 19, 2008, vide Circular No. ISD/AML/CIR-1/2009 dated September 01, 2009, Vide Circular No. ISD/AML/CIR-2/2009 date October 23,2009, vide Circular No. ISD/AML/CIR-1/2010 dated February 12, 2010, vide Circular CIR/ISD/AML/3/2010 dated December 31, 2010, vide Circular No. CIR/MIRSD/1/2014 dated March 12, 2014, vide Circular No. CIR/MIRSD/ 66 /2016 dated July 21, 2016 and SEBI/HO/MIRSD/DOSS/CIR/P/2018 dated July 04, 2018 had issued the obligations of the intermediaries registered under Section 12 of SEBI Act, 1992. As per these SEBI guidelines, all intermediaries have been advised to ensure that proper policy frameworks are put in place as per the Guidelines on Anti Money Laundering Standards notified by SEBI.

### 2. WHAT IS MONEY LAUNDERING?

- Money Laundering can be defined as engaging in financial transactions that involve income derived from criminal activity, transactions designed to conceal the true origin of criminally derived proceeds and appears to have been received through legitimate sources/origins.

- This is done in three phases :-

- \* **Placement Phase:** Physical disposal of criminal proceeds (large amount of cash) and initial introduction of illicit funds in to a financial services institution.

- \* **Layering Phase:** Movement of Funds(e.g. through multiple transactions) from institution to institution to hide the source and ownership of funds and to separate the criminal proceeds from their source by the creation of layers of transactions designed to disguise the audit trail and provide the appearance of legitimacy.

- \* **Integration Phase:** The placing of laundered proceeds back into the economy in such a way that they re-enter the market appearing as normal and legitimate funds.

### 3. PREVENTION OF MONEY LAUNDERING ACT, 2002

- 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 PMLA 2002 and Rules notified there under impose an obligation on intermediaries (including stock brokers and sub-brokers) to verify identity of clients, maintain records and furnish information to the Financial Intelligence Unit (FIU) – INDIA

#### 4. FINANCIAL INTELLIGENCE UNIT (FIU) – INDIA

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

#### 5. POLICY OF ASTHA CREDIT & SECURITIES PRIVATE LIMITED

- **Astha Credit & Securities Private Limited** has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame-work to report cash and suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002. This policy is applicable to Astha Credit & Securities Private Limited Employees, Sub-Brokers and Authorised Persons(AP).
- **Astha Credit & Securities Private Limited** shall maintain and preserve the record of information related to transactions, whether attempted or executed, which are reported to the Director and Principal Officer, FIU-IND, as required under Rules 7 & 8 of the PML Rules, for a period of five years from the date of the transaction between the client and the intermediary.

#### 6. ANTI-MONEY LAUNDERING MEASURES

- Prevention of Money Laundering Act – 2002 was brought into force w.e.f. 1st July, 2005 by an act of Parliament. Act is made applicable to banks, financial institutions and all intermediaries associated with the securities market and are registered with SEBI under section 12 of SEBI act, 1992. Astha Credit and securities private limited also falls under the above category and hence required to follow the guidelines of SEBI on the matter. Money Laundering refers to conversion of illegally acquired money to make it appear as if it originated from legitimate source. Money Laundering is the process of concealing criminal activity associated with it such as financial terrorism, drug trafficking or other offences which can be viewed on the website of SEBI with the link provided <https://www.sebi.gov.in/>

#### 7. Client Due Diligence (CDD)

The CDD measures comprise the following:

- a) 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 shall be identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, 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:

- b) Verify the client's identity using reliable, independent source documents, data or information
- c) Identify 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.
- d) ACS shall proactively put in place appropriate risk management systems to determine whether their client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPS.
- e) ACS are required to obtain 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, registered.
- f) ACS shall obtain senior management approval to continue the business relationship.
- g) ACS shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.
- 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, ACS shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:
  - a) 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 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
- ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
- iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

b) 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. 1CIR/ MIRSD/2/ 2013 dated January 24, 2013 11

c) 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, the intermediary 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 15% 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.

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 is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

iv. Applicability for foreign investors: Intermediaries dealing with foreign investors' may 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.

d) 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 (c).

e) Understand the ownership and control structure of the client.

f) 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; and

g) ACS shall periodically ( Annually) update all documents, data or information of all clients and beneficial owners collected under the CDD process.

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

ACS will accept client only as per the client acceptance policies and procedures that aim to as laid down By establishing such policies and procedures, they 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:

- a) No account is opened in a fictitious / benami name or on an anonymous basis.
- b) Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' 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 shall enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile.
- c) 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. 13
- d) Ensure that an account is not opened where the intermediary is unable to apply appropriate CDD measures/ KYC policies. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to ACS and is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. ACS shall not continue to do business with such a person and file a suspicious activity report. It shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. ACS shall be cautious to ensure that it does not return securities of money that may be from suspicious trades. However, the ACS shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.
- e) The circumstances under which the client is permitted to act on behalf of another person / entity shall be clearly laid down. It shall be specified in what manner the account shall 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 shall be clearly laid down. Adequate verification of a person's authority to act on behalf of the client shall also be carried out.
- f) 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 g) The CDD process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).

## 9. OBLIGATIONS RELATED TO ANTI-MONEY LAUNDERING

- Identification of customer is a very critical process. In order to protect the customer interests by preventing fraudsters from entering into the system using false identity and address, we are required to have a robust client acceptance policy and procedure, risk

based approach and rigid client due diligence process at the time of initial registration as well as on a periodical on-going basis.

- Monitoring of transactions is equally critical process. In order to ensure that our systems are not misused for market manipulation, we are required to regularly monitor the transactions carried out by the clients vis a vis the financial status and nature of business intimated by the clients at the time of registration.
- SEBI guidelines mandate that we have a dedicated surveillance and AML team for monitoring the transactions of unusual nature as well as transactional alerts received from the Exchanges and Depositories.
- In order to comply with the above we are required to seek fresh/ additional information/ documents periodically from the clients for the purpose of due diligence and updating of client profile and required to seek clarifications wherever necessary in order to analyse the transactions.
- The intention behind such requirement is not personal or to inconvenience the clients but for ensuring a healthy compliant system and have uninterrupted access to the system by the clients and cordial & healthy business relationship.
- Clients are requested to get the income details, occupation/nature of business, mobile number, email ids and other details updated in their account by submitting a request to our office which will help us to monitor the transactions based on the updated profile and close the alert.
- The clients are not allowed to take position beyond their risk bearing ability and their known Net Worth and clarification is sought for any unusual position or trading activity.
- All KYC updated regularly and audit trail is kept for all transaction of pay in of fund and securities such transactions are permitted only through their known account number.

#### 10. RISK BASED APPROACH:

- It is generally recognize that certain customers may be of a higher or lower risk category depending on circumstances such as the customer's background, type of business relationship or transaction which involves large pay in amount etc. The basic principle enshrined in this approach is that the company should adopt an enhanced customer due diligence process for higher risk categories of customers. Conversely, a simplified customer due diligence process may be adopted for lower risk categories of customers. The high risk clients are identified based on Margin Shortfalls, Pay-in delay etc. is being viewed seriously and such clients are not allowed to take any new position in Futures.

#### 11. CLIENTS OF SPECIAL CATEGORY

Such clients includes the following:-

- Non resident clients,
- High networth clients,
- Trust, Charities, NGOs and organizations receiving donations



- Companies having close family shareholdings or beneficial ownership
- Politically exposed persons (PEP) of foreign origin
- Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- Companies offering foreign exchange offerings.
- 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.
- Clients with dubious reputation as per public information available etc. The above mentioned list is only illustrative and the company should exercise independent judgment to ascertain whether new clients should be classified as Clients of Special Category or not.

## 12. 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. ACS 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 thereof 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/FIUID/ other relevant Authorities, during audit, inspection or as and when required. These records are required to be preserved for ten years as is required under the PMLA. Further, the Compliance Department of the ACS shall randomly examine a selection of transactions undertaken by clients to comment on their nature i.e. whether they are in the nature of suspicious transactions or not.

## 13. Suspicious Transaction Monitoring/ Reporting:

- ACS shall ensure that appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting suspicious transactions. 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.

- A list of circumstances which may be in the nature of suspicious transactions is given below.
- This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:
- a) Clients whose identity verification seems difficult or clients that appear not to cooperate
- b) Asset management services for clients where the source of the funds is not clear or not in keeping with clients apparent standing /business activity;
- c) Clients based in high risk jurisdictions;
- d) Substantial increases in business without apparent cause;
- e) Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- f) Attempted transfer of investment proceeds to apparently unrelated third parties;

#### 14. EMPLOYEES' TRAINING

- Company will have adequate screening procedures when hiring employees. The concept of AML will be part of in-house training curriculum for employees. The selection process of employees shall be monitored. It shall be ensured that if any unfair practice is being reported, then action is taken after due investigation.
- The following training requirements are considered essential based on the class of employees.
- 1. Employees: A general appreciation of the background to money laundering, and the subsequent need for identifying and reporting of any suspicious transactions to the appropriate designated official shall be provided to all new employees who will be dealing with customers or their transactions, irrespective of the level of seniority.
- 2. Sales/Advisory staff: Members of staff who are dealing directly with the public (whether as members of staff or agents) are the first point of contact with potential money launderers and their efforts are therefore vital to the strategy in the fight against money laundering. It is vital that "front-line" staff is made aware of company's AML Framework for dealing with non-regular customers particularly where large transactions are involved, and the need for extra vigilance in these cases.
- 3. Ongoing training: Refresher training at regular intervals shall be provided to ensure that staff does not dilute its approach to AML Implementation.
- AML training shall cover aspects related to:
  - AML definition, guidelines and requirements
  - Possible risks due to non-compliance with AML
  - Prevention of fraud or suspicious transactions
  - Mandatory documentation for AML
- 4. Records of training imparted to agents / staff in the various categories detailed above shall be maintained.



## 15. RECORD KEEPING

- Company will maintain the records (either in electronic or in paper form) of types of transactions mentioned under Rules 3 and 4 of PMLA Rules 2005 and the copies of the Cash / Suspicious Transactions reports submitted to FIU as well as those relating to the verification of identity of customers for a period of 8 years in order to enable company to comply swiftly with information requests from the competent authorities. Records pertaining to transactions, (for which the Company is obliged to maintain records under other applicable Legislations / Regulations / Rules) the Company will retain records as provided in the said Legislations / Regulations / Rules but not less than 8 years from the date of end of the business relationship with the customer.
- The Designated Director, Principal Compliance Officer and staff assisting in execution of AML guidelines should have timely access to customer identification data, other KYC information and records.

## 16. Risk Categorisation in respect of Client:

For categorizing a customer as Low Risk, Medium Risk and High Risk, the parameters considered are customer's identity, social/financial status, nature of business activity, information about the clients' business and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.

**Low Risk Customers** : Individuals (other than High Networth) and entities whose identities and sources of income can be easily identified and transactions in whose accounts by and large conform to the known profile may be categorised as Low Risk, such as: -

- Salaried employees
- People belonging to lower economic strata of the society
- Government Departments
- Government owned companies
- Regulatory and Statutory bodies, etc.

For the above category, the KYC requirements of proper identification and verification of proof of address would suffice.

**Medium Risk Customers** : Customers who are likely to pose a higher than average risk should be categorised as medium or high risk. For this category, higher due diligence is required which includes customer's background, nature and location of activity, country of origin, source of funds and his/her client profile, etc. besides proper identification.

- Additional top up remittances are inconsistent with the customer known profile. Any change which is inconsistent with the normal and expected activity of the customer,

**High Risk Customers** : For this category, higher due diligence is required which includes customer's background, nature and location of activity, country of origin, source of funds and his client profile, etc. besides proper identification. Company subject such accounts to enhanced monitoring on an ongoing basis. –

- Trusts, charities, NGOs and organizations receiving donations. –
- Companies having close family shareholding or beneficial ownership - Firms with sleeping partners'. Accounts under Foreign Contribution Regulation Act. –
- Politically Exposed Persons (PEPs). –
- Customers who are close relatives of PEPs and accounts of which a PEP is the ultimate beneficial owner. –
- Those with dubious reputation as per public information available. –

## 17. INVESTOR EDUCATION

- Clients are advised to be fully conversant with the provisions of PMLA and any amendments thereto from time to time and to co-operate with Avendus by providing the additional information(s)/document(s), if asked for, to ensure the compliance requirements under PMLA.
- Clients are advised to provide certain information 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. Clients are advised to co-operate whenever such information is sought for from PMLA perspective.
- Clients are advised to be vigilant and to refrain from temptation of easy monetary gains, by knowingly or unknowingly supporting the people who are involved in the activities which are endangering freedom and causing damage to the nation. Clients are supposed to provide their active co-operation in the due compliance of the law.
- Sensitize the clients by preparing AML and CFT specific literature/ pamphlets etc to educate the clients.

### 17. Reliance of third party for carrying out Client Due diligence:

ACS may rely on a third party for the purpose of the following:

- identification and verification of the identity of a client and
- 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.
- 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 the registered intermediary shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

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

- ACS is in coordination with 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 view of the reorganization of Divisions in the Ministry of Home Affairs and allocation of work relating to countering of terror financing to the Counter Terrorism and Counter Radicalization (CTCR) Division, the Government has modified the earlier order dated August 27, 2009 by the order dated March 14, 2019 (Annexure 2) for strict compliance.

**19. RED FLAG INDICATORS:** It is critical to be aware of any suspicious activity. Red flag indicators make it easier for businesses to detect and report suspicious activity. It assists Money Laundering Reporting Officers (MLRO) in categorizing suspicious activities and assisting them in writing Suspicious Activity Reports (SAR) and reporting to the Financial Crimes Enforcement Network (FinCEN) as needed.

The Financial Action Task Force (FATF) emphasized the significance of red flags as well.

### **Red flag 1: KYC**

- The client is overly secret or evasive about:
- who the client is
- where the money is coming from
- who the beneficial owner is
- why they choose the payment method they used for the transaction

### **Red flag 2: Client**

- Actively avoiding personal contact without goodwill.
- refuses to provide information, data, and the necessary documents
- provide fake documents
- uses an email address that cannot be found on the Internet
- a partner associated or known to a person involved in or suspected of terrorist or terrorist financing activities
- asks repeated questions about procedures for implementing standards

### **Red flag 3: Parties**

- Parties or their representatives are located in a high-risk country.
- The parties to the transaction are tied for no apparent commercial reason.
- The links between the parties of a family, employment, institution, or any other nature raise doubts about reality.
- In a short time, the same parties have more than one view of transactions.
- The transaction is unusual for the processing parties, especially if the age is below the legal age.
- The person who directs the operation is not one of the official parties of the transaction or its representatives.

- A real person working as a director or representative is not an appropriate representative.

**Red flag: FUNDS**

- Red Flag 4: The transaction is inconsistent with the individual's economic profile.
- Red flag 5: The client or third party contributes a considerable amount of cash as collateral provided by the borrower without making a logical statement.
- Red flag 6: The source of the funds is suspicious such as funds sent from a high-risk customer.
- Red flag 7: The customer has multiple back accounts/foreign accounts.
- Red flag 8: A business, organization, or government-funded private spending.
- Red flag 9: The payment method has been postponed to a very close time to the notarization time without a logical explanation.
- Red flag 10: A short repayment period has been set with no logical reason.
- Red flag 11: Mortgages has been constantly repaid significantly before the initially agreed maturity date, with no logical reason.
- Red Flag 12: An asset was purchased in cash and quickly used as a guarantee for a loan.
- Red flag 13: One of the sides requested to change the previously agreed payment procedures with no logical explanation.
- Red Flag 14: A lender other than a credit institution provided finance with no valid reason.
- Red Flag 15: The transaction collateral is located in a high-risk country.
- Red flag 16: A relatively new incorporated company received high amounts of capital, or it has been sending high amounts of money to a company with no logical explanation.
- Red Flag 17: A high-risk foreign company increased its capital in the company.
- Red flag 18: The company has received a high amount of capital/assets compared to the business size or market value with no explanation.
- Red flag 19: A good or service price is extremely low or high with no valid reason.
- Red flag 20: A relatively new company transacted large amounts of money that didn't fit the company's purpose with no valid reason.

**Red Flags & Choice of Lawyer**

- Red flag 21: An instruction from a legal professional that has no relations with the client or transaction was followed without a valid reason.
- Red flag 22: An instruction from a legal professional with no experience in the particular area was followed without a valid reason.
- Red Flag 23: The client is prepared to pay higher fees than usual without a valid reason.
- Red flag 24: The client changed the consultant several times in a short time or met with multiple legal counsels without a valid reason.
- Red flag 25: A professional denied the essential service.
- Red Flags & Nature of Retainer
- Red flag 26: A transaction is unusual for many reasons, such as its size, nature, frequency, or manner of execution was made.
- Red flag 27: The customer is suspicious for various reasons, such as appearing very disinterested in the outcome of a retainer or asking for short-cuts, or unexplained speed in completing a transaction.
- Red flag 28: A complex ownership structure is built with no valid reason.

- Red flag 29: A structure in that multiple countries are involved with no link to the client or transaction with no valid reason.
- Red flag 30: The incorporation purchased stocks with the same elements in common (one or several partners or shareholders, director, registered company office, corporate purpose, etc.)
- Red flag 31: There are no documents to support the customer's story, previous transactions, or company activities.
- Red flag 32: The transactions that have several elements in common were transferred in a short time.
- Red flag 33: Property transactions in a row with the purchase price.
- Red flag 34: The transactions were abandoned without concern.
- Red flag 35: There are unexplained changes in instructions, especially at the last minute.
- Red flag 36: The client holds high amounts of money on the account without the provision of legal services.
- Red flag 37: The transaction was made without a valid reason.
- Red flag 38: There is increased complexity in the transaction, or the structures used, resulting in higher taxes and fees than necessary.
- Red flag 39: A power of attorney is sought for management or disposal in cases where assets are not a valid reason.
- Red flag 40: An investment is made in immovable property with no link to the place or financial advantage from the investment.
- Red flag 41: The investment is made too quickly with little to no involvement by the legal professional retained.
- Red flag 42: Payment to third parties without providing a cause is requested.

**Red flag indicators show different kinds of financial crimes, such as using corporate funds for private spending, complex ownership structures without a valid reason, etc.**

## 20. IMPLEMENTATION OF THIS POLICY

### APPOINTMENT OF A DESIGNATED DIRECTOR AND PRINCIPAL OFFICER FOR REPORTING OF SUSPICIOUS TRANSACTIONS.

In terms of Rule 2 (ba) of the PML Rules, the Company has appointed **Mrs. Rashmi Chandra Gupta** as the Designated Director to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules.

The Designated Director will ensure filing of necessary reports with the Financial Intelligence Unit (FIU –IND). The company has appointed **Mr. Satish Chandra Gupta** as the Principal Officer.

The Principal officer appointed 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. As a matter of principle, it is advisable that the 'Principal Officer' is of a sufficiently senior position and is able to discharge the functions with independence and authority.

**Designated Principal Officer:**

In the Case of any further Information/clarification is required in this regards, the "Principal Officer" may be contacted at **compliance@asthatrade.com**

**21. Policy Review Periodicity**

AML Policy will be reviewed on a annual basis or as and when the regulatory development demands so.

**Last review date:- 19.05.2023**