



**Dovetail**

**OHM Dovetail Private Limited**

**KYC-AML POLICY**

Version 1.3

**Policy Summary:**

Policy Name	<b>KYC-AML Policy</b>
Issue and Effective Date	23/01/2019
Date of Last Review	---
Periodicity of Review	On any Regulatory change or Annual, whichever is earlier. Notwithstanding the same, in case of conflict between Regulations and this policy, regulation shall prevail.
Responsible Function	Preparer: Compliance Department Reviewer: Risk Management Committee
Approved by	Board of Directors
Version	V1.3

**Version Summary**

<b>Version</b>	<b>Updates</b>	<b>Review Date</b>	<b>Approved by</b>
V1.1	Adoption of Policy	23/01/2019	Board of Directors
V1.2	Amendment in the Policy due to Amendment in Regulations	17/05/2024	Board of Directors
V1.3	Amendment in the Policy due to amendments in SEBI KRA Regulations	08/07/2025	Board of Directors

## **1. Introduction:**

OHM Dovetail Private Limited (ODPL) is a registered Trading Member (TM) & Clearing Member (CM) on National Stock Exchange (NSE) and NSE Clearing Limited (NCL) under Cash Market, F&O, Currency Derivatives and Commodity Segments and a member of Multi Commodity Exchange of India Limited (MCX) and Multi Commodity Exchange Clearing Corporation Limited (MCXCCL). As TM/CM, OHM Dovetail Private Limited focuses to offer equity and currency clearing services to offshore and onshore clients and to family offices in Indian market, which majorly involves meeting all the exchange margin requirements and Marked-to Market obligations to the Clearing Corporations (CC) for its Clients.

The Anti-Money-Laundering (AML) Policy has been prepared based on the guidelines laid down by SEBI on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 vide its Master Circular dated June 6, 2024

The clients may refer to circulars as provided by regulators under:

SEBI: Master Circular **SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78** dated June 6, 2024

## **2. Anti-Money-Laundering (AML):**

As per SEBI guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under

- The Prevention of Money Laundering Act, 2002 (“PMLA”) was brought into force with effect from 1st July 2005. Necessary Notifications / Rules under the said Act were published in the Gazette of India on July 01, 2005 by the Department of Revenue, Ministry of Finance, Government of India.
- As per the provisions of the PMLA, every intermediary (includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, asset management company, depository participant, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with the securities market and registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (SEBI Act) shall have to adhere to client account opening procedures and maintain records of such transactions as prescribed by the PMLA and rules notified there under.
- In the directives SEBI has laid down the minimum requirements and it is emphasized that the intermediaries may, according to their requirements, specify additional disclosures to be made by clients to address concerns of money laundering and suspicious transactions undertaken by clients. Reference to applicable statutes and reporting guidelines for intermediaries is available at the website of the Financial Intelligence Unit – India (FIU-IND).

### **3. Background:**

The PMLA came into effect from 1st July 2005 by publishing necessary notification / rule in the Gazette of India by the Department of Revenue, Ministry of Finance, Government of India. With further amendment on March 06, 2018, the act provides that violating the prohibitions on manipulative and deceptive devices, insider trading and substantial acquisition of securities or control as prescribed in Section 12 A read with Section 24 of the Securities and Exchange Board of India Act, 1992 (SEBI Act) will now be treated as a scheduled offence under schedule B of the PMLA.

As per the provisions of the PMLA an intermediary associated with securities market and registered under Section 12 of the SEBI Act, shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA. Such transactions include;

- i. All cash transactions of the value of more than Rs 10 lakh or its equivalent in foreign currency.
- ii. All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency
- iii. All suspicious transactions whether or not made in cash and including, interalia, credits or debits into from any non-monetary account such as demat account, security account maintained by the registered intermediary.

It may, however, be clarified that for the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' shall also be considered.

### **4. Policies and Procedures to Combat Money Laundering and Terrorist financing:**

#### **Essential Principles:**

Every intermediary shall consider carefully the specific nature of its business, organizational structure, type of client and transaction, etc. to satisfy itself that the measures taken by it are adequate and appropriate and follow the spirit of the suggested measures as laid down in the PMLA.

#### **Obligation to establish policies and procedures:**

Global measures taken to combat drug trafficking, terrorism and other organized and serious crimes have all emphasized the need for financial institutions, including securities market intermediaries, to establish internal procedures that effectively serve to prevent and impede money laundering and terrorist financing. The PMLA is in line with these measures and mandates that all intermediaries ensure the fulfilment of the aforementioned obligations.

To be in compliance with these obligations, the senior management of a registered intermediary shall be fully committed to establishing appropriate policies and procedures for the prevention

of Money Laundering (ML) and Terrorist Financing (TF) and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements.

The registered intermediaries shall:

- a. issue a statement of policies and procedures, on a group basis where applicable, for dealing with ML and TF reflecting the current statutory and regulatory requirements
- b. ensure that the content of these Directives are understood by all staff members
- c. regularly review the policies and procedures on the prevention of ML and TF to ensure their effectiveness. Further, in order to ensure the effectiveness of policies and procedures, the person doing such a review shall be different from the one who has framed such policies and procedures
- d. adopt client acceptance policies and procedures which are sensitive to the risk of ML and TF
- e. undertake client due diligence ("CDD") measures to an extent that is sensitive to the risk of ML and TF depending on the type of client, business relationship or transaction
- f. have in system a place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- g. develop staff members' awareness and vigilance to guard against ML and TF

**Policies and procedures to combat ML shall cover:**

- a) Communication of group policies relating to prevention of ML and TF to all management and relevant staff that handle account information, securities transactions, money and client records etc. whether in branches, departments or subsidiaries
- b) Client acceptance policy and client due diligence measures, including requirements for proper identification
- c) Maintenance of records
- d) Compliance with relevant statutory and regulatory requirements
- e) Co-operation with the relevant law enforcement authorities, including the timely disclosure of information and
- f) Role of internal audit or compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff, of their responsibilities in this regard. The internal audit function shall be independent, adequately resourced and commensurate with the size of the business and operations, organization structure, number of clients and other such factors

## **5. AML Policy of OHM Dovetail Private Limited:**

### **Policies toward Anti Money Laundering:**

- OHM Dovetail 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 suspicious transactions to FIU-IND as per the guidelines of PMLA Rules, 2002 and as prescribed by SEBI vide its Circular dated February 03, 2023.
- OHM Dovetail Private Limited does not deal in cash, Hence the requirement of maintaining record of cash transaction in excess of Rs.10 Lakh is ruled out.
- For suspicious transactions whether or not made in cash, we monitor trading pattern of client on difference criteria like quality of scripts, market participation.
- Compliance department of OHM Dovetail Private Limited shall review and update AML policy on time to time basis.

### **I. 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 -

**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, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

aa) 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 10% of shares or capital or profits of the juridical person, where the juridical person is a company;

ii. more than 10% 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.

bb) 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.

cc) 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 10% 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 in India or in any other jurisdiction notified by the Central Government, 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:** ODPL while dealing with foreign investors' may be guided by the clarifications issued vide SEBI Master Circular SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022 for the purpose of identification of beneficial ownership of the client. For Clients, the Company shall obtain sufficient identification data to verify the identity the Client, his/her address/location, and also his/ her recent photograph and documents as provided in **Annexure - I**

The Board of Directors of OHM Dovetail Private Limited shall monitor the compliance of the above provision on identification of beneficial ownership.

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) 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.

h) Registered intermediaries shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

i) 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.

j) No transaction or account-based relationship shall be undertaken without following the CDD procedure.

## **II. Policy for Acceptance of Clients:**

OHM Dovetail Private Limited has developed a client acceptance policies and procedures that aim to identify the types of clients that are likely to pose a higher than average risk of ML or TF. Such policies and procedures, helps to apply client due diligence on a risk sensitive basis depending on the type of client business relationship or transaction.

Ohm Dovetail Private Limited, follows following safeguards 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) OHM Dovetail Private Limited shall not open an account 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 - co-operation of the client in providing full and complete information. Further, OHM Dovetail Private Limited 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.

d) Ohm Dovetail Private limited shall open client's account on whom an appropriate KYC procedure can be applied. Completed client identifications will be obtained, form will be filled in complete, photocopies submitted shall be checked with originals and all supporting documents as specified by SEBI shall be obtained and verified.

e) OHM Dovetail Private limited shall not compromise with mandatory information while opening clients' accounts.

f) In person verification of clients shall be done during client account opening for onshore clients.

g) 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.

h) OHM Dovetail Private Limited has necessary checks and balances 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

i) OHM Dovetail Private Limited has laid down procedure to validate and verify circumstance under which the client is permitted to act on behalf of another person / entity. The manner in which 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 OHM Dovetail Private Limited, 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.

j) The CDD process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).

### **III. Risk-based Approach:**

It is generally recognized that certain clients may be of a higher or lower risk category depending on the circumstances such as the client's background, type of business relationship or transaction etc. As such, Ohm Dovetail Private Limited apply each of the client due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that we shall 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 registered intermediaries shall obtain necessarily depend on the risk category of a particular client.

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

#### **IV. Risk Assessment:**

Risk assessment to be carried out to identify, assess and take effective measures to mitigate money laundering and terrorist financing risk with respect to 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, RBI 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.

The risk assessment carried out shall also 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 by them.

The Risk based categorization and assessment methodology applicable for the Clients of Company is enclosed in **Annexure-II** to this policy.

**Client of Special Category (CSC):** Such clients shall include the following:

- a) Non - resident clients
- b) High net-worth clients,
- c) Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations
- d) Companies having close family shareholdings or beneficial ownership
- e) Politically Exposed Persons (PEP) 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.
- f) Companies offering foreign exchange offerings
- g) 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 centers, tax havens, countries where fraud is highly prevalent. While dealing with clients in high risk countries where the existence/effectiveness of money laundering control is suspect, intermediaries apart from being guided by the Financial Action Task Force (FATF) statements

that identify countries 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)), shall also independently access and consider other publicly available information.

h) Non face to face clients - Non face to face clients means clients who open accounts without visiting the branches/offices of the registered intermediaries or meeting the officials of the registered intermediaries. Video based customer identification process is treated as face-to-face onboarding of clients;

i) Clients with dubious reputation as per public information available etc.

The above mentioned list is only illustrative and OHM Dovetail Private Limited exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not.

#### **V. Client Identification Procedure:**

This Policy clearly spell out the client identification procedure to be carried out at different stages i.e. while establishing the OHM Dovetail Private Limited – Client relationship, while carrying out transactions for the client or when we have doubts regarding the veracity or the adequacy of previously obtained client identification data.

OHM Dovetail Private Limited complies with the following requirements while putting in place a Client Identification Procedure (CIP):

For Clients that are legal persons or entities, the Company shall:

- a) verify the legal status of the legal person/ entity through proper and relevant documents;
  - b) verify that any person purporting to act on behalf of the legal person/entity is so authorized and identify and verify the identity of that person;
  - c) understand the ownership and control structure of the Client and determine who are the natural persons who ultimately control the legal person.
- i** Client Identification and Client Due diligence Procedure in respect of all cases are given herein this policy. However, such CIP and CDD process shall also be subject to the Risk Assessment Procedure as per Annexure- II. If the Company accepts accounts in terms of the Client Acceptance Policy, the Company shall take reasonable measures to identify the beneficial owner(s) and verify his/her/their identity in a manner so that it is satisfied that it knows who the beneficial owner(s) is/are.

An indicative list of the nature and type of documents/information that shall be relied upon for Client identification is given in the KYC Documentation Policy annexed as Annexure- I.

- ii** The Company shall not ask the client to furnish an additional KYC Documents, if the documents submitted by the Client for KYC contains both proof of identity and proof of address. Further, the Client shall not be required to furnish separate proof of address for

permanent and current addresses, if these are different. The Company shall obtain a declaration from the Client about her/ his local address on which all correspondence will be made by the Company, in the event the proof of address furnished by the Client is the address where the Client is currently not residing.

- iii** The Company while identifying Clients shall ensure that the Client is not from:
  - a) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or
  - b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.
- iv** Company shall proactively put in place appropriate risk management systems to determine whether the client or potential client or the beneficial owner of such client is a politically exposed person (PEPs) or not. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPs.
- v** TCM team of ODPL shall 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, we obtain senior management approval to continue the business relationship. Herein the Senior Management will include the Head of Operations of the Company actively involved in the business from end to end. However in case of its inability to determine the course of action the same may be taken to the Board of Directors for their approval.
- vi** Reasonable measures shall be kept in place to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.
- vii** The client shall be identified by using reliable sources including documents / information and adequate information as obtained to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
- viii** The information must be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by ODPL in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.
- ix** Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority within the Company.

This Client Identification Procedure shall be updated with approvals from Board of the Company or any committee formed by the Board for this purpose, with subsequent ratification by the Board and the Administrator.

SEBI has prescribed the minimum requirements relating to KYC for certain classes of registered intermediaries from time to time. ODPL has framed their own internal directives based on their experience in dealing with their clients and legal requirements as per the established practices.

Further, ODPL conducts ongoing due diligence where it notices inconsistencies in the information provided. The underlying objective shall be to follow the requirements enshrined in the PMLA, SEBI Act and Regulations, directives and circulars issued thereunder so that the ODPL is aware of the clients on whose behalf it is dealing.

It may be noted that irrespective of the amount of investment made by clients, no minimum threshold or exemption is available to ODPL from obtaining the minimum information/documents from clients as stipulated in the PML Rules/ SEBI Circulars (as amended from time to time) regarding the verification of the records of the identity of clients. Further no exemption from carrying out CDD exists in respect of any category of clients. In other words, there is no minimum investment threshold/ category-wise exemption available for carrying out CDD measures by ODPL. This shall be strictly implemented by all intermediaries and non-compliance shall attract appropriate sanctions.

#### **VI. Reliance on third party for carrying out Client Due Diligence (CDD):**

For the purpose of verifying the identity of Clients at the time of commencement of an account-based relationship, Company, shall at its option, rely on Client Due Diligence done by a third party, subject to the conditions specified under laws of the land.

If required, ODPL can 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.

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.

- ODPL shall immediately obtain necessary information of such client due diligence carried out by the third party;
- ODPL shall take adequate steps to satisfy itself that copies of identification data and other relevant documentation relating to the client due diligence requirements will be made available from the third party upon request without delay;
- ODPL shall be satisfied that such third party is regulated, supervised or monitored for, and has measures in place for compliance with client due diligence and record-keeping requirements in line with the requirements and obligations under the Act;
- The third party is not based in a country or jurisdiction assessed as high risk;

- Further, it is clarified that ODPL will be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

#### **6. Record Keeping:**

ODPL 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.

ODPL maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.

Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, ODPL retain the following information for the accounts of their clients in order to maintain a satisfactory audit trail:

- a) the beneficial owner of the account;
- b) the volume of the funds flowing through the account; and
- c) for selected transactions:
  - i. the origin of the funds
  - ii. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.
  - iii. the identity of the person undertaking the transaction;
  - iv. the destination of the funds;
  - v. the form of instruction and authority.

ODPL ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities. Where required by the investigating authority, they shall retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed there-under PMLA, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.

More specifically, ODPL has put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:

- a) all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
- b) all series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency;

c) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;

d) all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

Where ODPL does not have records of the identity of its existing clients, it shall obtain the records forthwith, failing which the registered intermediary shall close the account of the clients after giving due notice to the client.

Explanation: For this purpose, the expression “records of the identity of clients” shall include updated records of the identification date, account files and business correspondence and result of any analysis undertaken under Rules 3 and 9 of the PML Rules.

**Information to be maintained:**

ODPL maintains and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

- a) the nature of the transactions;
- b) the amount of the transaction and the currency in which it is denominated;
- c) the date on which the transaction was conducted; and
- d) the parties to the transaction.

**Retention of Records:**

ODPL takes 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 PML Rules have to be maintained and preserved for a period of five years from the date of transactions between the client and ODPL.

As stated in client identification procedure, ODPL has formulated and implemented the CIP containing the requirements as laid down in Rule 9 of the PML Rules and such other additional requirements that it considers appropriate. Records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of five years after the business relationship between a client and ODPL has ended or the account has been closed, whichever is later.

Thus the following document retention terms shall be observed:

- a) All necessary records on transactions, both domestic and international, shall be maintained at least for the minimum period prescribed under the relevant Act and Rules (PMLA and rules framed thereunder as well SEBI Act) and other legislations, Regulations or exchange bye-laws or circulars.

b) ODPL maintains and preserve the records of documents evidencing the identity of its clients and beneficial owners (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents) as well as account files and business correspondence for a period of five years after the business relationship has ended or the account has been closed, whichever is later.

In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they shall be retained until it is confirmed that the case has been closed.

**Records of information reported to the Director, Financial Intelligence Unit - India (FIU-IND):** ODPL maintains and preserve the records of information related to transactions, whether attempted or executed, which are reported to the Director, FIU-IND, as required under Rules 7 and 8 of the PML Rules, for a period of five years from the date of the transaction between the client and the intermediary.

#### **7. Monitoring of Transactions:**

ODPL has an understanding of the normal activity of the client so that it can identify deviations in transactions / activities. This ensures regular monitoring of transactions for effectiveness of the AML procedures.

ODPL pays special attention to all complex unusually large transactions / patterns which appear to have no economic purpose. ODPL can 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/FIU-IND/ other relevant Authorities, during audit, inspection or as and when required. These records are maintained and preserved for a period of five years from the date of transaction between the client and ODPL.

ODPL 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.

ODPL ensures a record of the transactions is preserved and maintained in terms of Section 12 of the PMLA and that transactions of a suspicious nature or any other transactions notified under Section 12 of the Act are reported to the Director, FIU-IND. Suspicious transactions shall also be regularly reported to the higher authorities such as principal officer / directors.

Further, the compliance cell of the ODPL 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.

## **8. Suspicious Transaction Monitoring and Reporting:**

ODPL ensures appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting suspicious transactions. While determining suspicious transactions, we are 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;
- g) Unusual transactions by CSCs and businesses undertaken by offshore banks/financial services, businesses reported to be in the nature of export- import of small items.

Any suspicious transaction shall be immediately notified to the Principal or Designated directors. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it shall be ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told of the report/ suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken. The Principal Officer/ Money Laundering Control Officer and other appropriate compliance, risk management and related staff members shall have timely access to client identification data and CDD information, transaction records and other relevant information.

It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. It is clarified that ODPL shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.

Point (g) of Client of special category (CSC) of this policy categorizes clients of high risk countries, including countries where existence and effectiveness of money laundering controls is suspect or

which do not or insufficiently apply FATF standards, as 'CSC'. Such clients shall also be subject to appropriate counter measures. These measures may include a further enhanced scrutiny of transactions, enhanced relevant reporting mechanisms or systematic reporting of financial transactions, and applying enhanced due diligence while expanding business relationships with the identified country or persons in that country etc.

#### **9. List of Designated Individuals / Entities:**

The Ministry of Home Affairs, in pursuance of Section 35(1) of Unlawful Activities (Prevention) Act, 1967, (UAPA) declares the list of individuals/entities, from time to time, who are designated as 'Terrorists'. ODPL 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 at <https://press.un.org/en/content/press-release>.

The details of the lists are as under:

- i. The "ISIL (Da'esh) & Al-Qaida Sanctions List", which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at: <https://www.un.org/securitycouncil/sanctions/1267/press-releases>;
- ii. The list issued by United Security Council Resolutions 1718 of designated Individuals and Entities linked to Democratic People's Republic of Korea [www.un.org/securitycouncil/sanctions/1718/press-releases](http://www.un.org/securitycouncil/sanctions/1718/press-releases)

ODPL ensures that accounts are not opened in the name of anyone whose name appears in said list and 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.

ODPL shall maintain updated designated lists in electronic form and run a check on the given parameters on a regular basis to verify whether the designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of securities with them.

ODPL shall leverage latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements.

Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to SEBI and FIU-IND.

**10. 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. Corrigendums dated March 15, 2023 and April 22, 2024 have also been issued in this regard.

Under the aforementioned Section, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism. The Government is also further empowered to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism.

ODPL has implemented effective and expeditious procedure as laid down in the UAPA Order dated an order dated February 02, 2021 as listed below:

a) On receipt of the updated list of individuals/ entities subject to UN sanction measures (hereinafter referred to as 'list of designated individuals/ entities) from the Ministry of External Affairs (MHA); SEBI will forward the same to ODPL for the following purposes:

i. To maintain updated designated lists in electronic form and run a check on the given parameters on a regular basis to verify whether individuals or entities listed in the schedule to the Order (referred to as designated individuals/entities) are holding any funds, financial assets or economic resources or related services held in the form of securities with them.

ii. In the event, particulars of any of customer/s match the particulars of designated individuals/entities, ODPL will immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held in the form of securities, held by such customer on their books to the Central Nodal Officer, Ministry of Home Affairs, at Fax No.011-23092551 and also convey over telephone on 011-23092548. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsctcr-mha@gov.in.

iii. ODPL will send the particulars of the communication mentioned in (ii) to the UAPA Nodal Officer of the state/UT where the account is held and to the regulators and FIU-IND, as the case may be without any delay.

iv. In case the aforementioned details of any of the customers match the particulars of designated individuals/entities beyond doubt, ODPL would prevent designated persons from conducting financial transactions, under intimation to Central (designated) Nodal Officer for the UAPA at Fax

No. 011-23092551 and also convey over telephone on 011-23092548. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsctcr-mha@gov.in

v. ODPL will file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts covered by paragraph (a) (ii) of Procedure for freezing of funds, financial assets or economic resources or related services, above carried through or attempted, as per the prescribed format.

b) On receipt of the particulars as mentioned in paragraph (a) (ii) above, Central Nodal Officer for UAPA would cause a verification to be conducted by the State Police and /or the Central Agencies so as to ensure that the individuals/ entities identified by ODPL are the ones listed as designated individuals/entities and the funds, financial assets or economic resources or related services, reported by stock exchanges, depositories, registered intermediaries are held by the designated individuals/entities. This verification would be completed within a period not exceeding 5 working days from the date of receipt of such particulars.

c) In case, the results of the verification indicate that the properties are owned by or held for the benefit of the designated individuals/entities, an order to freeze these assets under section 51A of the UAPA would be issued within 24 hours of such verification and conveyed electronically to the concerned depository under intimation to SEBI and FIU-IND. The order shall take place without prior notice to the designated individuals/entities.

**11. Procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005:**

i. United Nations (Security Council) Act, 1947 obligates countries to freeze without delay the funds or other assets of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts; of entities or controlled directly or indirectly by such persons; and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds or other assets derived or generated from property owned or controlled, directly or indirectly, by such persons and associated persons and entities. It also prohibits any person from making funds, financial assets or economic resources or related services available for the benefit of persons related to any activity which is prohibited under the WMD Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems.

ii. To give effect to the requests of foreign countries under United Nations (Security Council) Act, 1947, the Ministry of External Affairs (Central Government) shall examine the requests made by the foreign countries and forward it electronically, with their comments, to the Central Nodal Officer (CNO). The details of the CNO are as follows:

The Director  
FIU-INDIA  
Tel.No.:011-23314458, 011-23314459 (FAX)  
Email: dir@fiuindia.gov.in

iii. run a check, on the given parameters, at the time of establishing a relation with a client and on a periodic basis to verify whether individuals and entities in the Designated List are holding any funds, financial assets or economic resources or related services, in the form of bank accounts, stocks, insurance policies etc. In case, the clients' particulars match with the particulars of Designated List, stock exchanges and registered intermediaries shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or insurance policies etc., held on their books to the CNO, without delay;

iv. send a copy of the communication, mentioned in Point ii and iii above, without delay, to the Nodal Officer of SEBI. The communication shall be sent to SEBI through post and through email (sebi\_uapa@sebi.gov.in) to the Nodal Officer of SEBI, Deputy General Manager, Division of FATF, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051

v. prevent such individual/entity from conducting financial transactions, under intimation to the CNO, without delay, in case there are reasons to believe beyond doubt that funds or assets held by a client would fall under the purview of Section 12A (2)(a) or Section 12A(2)(b) of the WMD Act;

vi. Upon receipt of the requests from the Central Nodal Officer, the list would be forwarded to ODPL and the procedure as enumerated at paragraphs (a) and (b) of Procedure of Freezing of funds, financial assets or economic resources or related services shall be followed.

v. The freezing orders shall take place without prior notice to the designated persons involved.

**12. Procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person:**

i. Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held by them has been inadvertently frozen, shall move an application giving the requisite evidence, in writing, to ODPL. ODPL will inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the nodal officer of IS-I Division of MHA as per the contact details given in paragraph 5(ii) above within two working days. The Joint Secretary (IS-I), MHA, being the nodal officer for (IS-I) Division of MHA, shall cause such verification as may be required on the basis of the evidence furnished by the individual/entity and if he is satisfied, he shall pass an order, within fifteen working days, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant under intimation to ODPL. However, if it is not possible for any reason to pass an order unfreezing the assets within fifteen working days, the nodal officer of IS-I Division shall inform the applicant.

### **Communication of Orders under section 51A of Unlawful Activities (Prevention) Act.**

i. All Orders under section 51A of the UAPA relating to funds, financial assets or economic resources or related services, would be communicated to stock exchanges, depositories and intermediaries through SEBI.

#### **13. Reporting to Financial Intelligence Unit-India:**

In terms of the PML Rules, intermediaries are required to report information relating to cash and 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  
Email: [helpdesk@fiuindia.gov.in](mailto:helpdesk@fiuindia.gov.in) .  
Website: <http://fiuindia.gov.in>

ODPL shall carefully go through all the reporting ([https://www.sebi.gov.in/sebi\\_data/commndocs/jun-2024/Brochures on FIU-IND p.pdf](https://www.sebi.gov.in/sebi_data/commndocs/jun-2024/Brochures on FIU-IND p.pdf)) and formats that are available on the website of FIU-IND under the Section Home - FINNET 2.0 – User Manuals and Guides -Reporting Format ([https://www.sebi.gov.in/sebi\\_data/commndocs/jun-2024/Reporting Format p.pdf](https://www.sebi.gov.in/sebi_data/commndocs/jun-2024/Reporting Format p.pdf)). These documents contain detailed directives on the compilation and manner/procedure of submission of the reports to FIU-IND. The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents while detailed instructions for filing all types of reports are given in the instructions part of the related formats, intermediaries shall adhere to the following:

a) The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU-IND by 15th of the succeeding month.

b) The Suspicious Transaction Report (STR) shall be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion.

c) The Non Profit Organization Transaction Reports (NTRs) for each month shall be submitted to FIU-IND by 15th of the succeeding month.

d) The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND;

e) Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU-IND.

f) No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/ non – profit organization transactions to be reported.

ODPL has not put any restrictions on operations in the accounts where an STR has been made. ODPL and their directors, officers and employees (permanent and temporary) shall 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.

It is clarified that ODPL, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR if they have reasonable grounds to believe that the transactions involve proceeds of crime.

It is further clarified that "proceeds of crime" include property not only derived or obtained from the scheduled offence but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity relatable to the scheduled offence.

Confidentiality requirement does not inhibit information sharing among entities in the group.

#### **14. Appointment of a Principal Officer:**

To ensure that the ODPL 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.

Accordingly, we have appointed the principal officer through Board Resolution and the appointment has been duly informed to Director - FIU-IND.

#### **14. Appointment of a Designated Director:**

In addition to the existing requirement of designation of a Principal Officer, the registered intermediaries shall also designate a person as a 'Designated Director'. In terms of Rule 2 (ba) of the PML Rules, the definition of a Designated Director reads as under:

“Designated director means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and includes

–

- a) the Managing Director or a Whole-Time Director duly authorized by the Board of Directors if the reporting entity is a company,
- b) the managing partner if the reporting entity is a partnership firm,
- c) the proprietor if the reporting entity is a proprietorship firm,

- d) the managing trustee if the reporting entity is a trust,
- e) a person or individual, as the case may be, who controls and manages the affairs of the reporting entity if the reporting entity is an unincorporated association or a body of individuals, and
- f) such other person or class of persons as may be notified by the Government if the reporting entity does not fall in any of the categories above.”

In terms of Section 13 (2) of the PMLA, the Director, FIU-IND can take appropriate action, including levying monetary penalty, on the Designated Director for failure of the intermediary to comply with any of its AML/CFT obligations.

Accordingly, ODPL have appointed Mr. Vivek Singhania as Designated Director of Company and his appointment has been duly informed to Director – FIU-IND. His rights and duties comprise compliance with the obligations imposed under rules and regulations.

#### **15. Employees’ Hiring/Employee’s Training/ Investor Education:**

##### **Hiring of Employees:**

ODPL 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.

##### **Employees’ Training:**

ODPL 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. An Annual Training is conducted for all the concerned departments to ensure effective implementation of the Policy.

##### **Investors Education:**

Implementation of AML/CFT measures requires ODPL 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 raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for ODPL to sensitize their clients about these requirements as the ones emanating from AML and CFT framework. We shall prepare specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT programme.

**Annexure 1**  
**KNOW YOUR CLIENT (KYC) DOCUMENTATION POLICY**

**Purpose:**

The purpose of this document is to establish Know Your Client (KYC) documentation policy for OHM Dovetail Private Limited ("Company"). All the client's onboarded by the Company will be onboarded following this KYC documentation policy and the further KYC.

**Background:**

This KYC Documentation Policy contains requirements of documents and information as may be required to adhere to the KYC & AML Policies. In case of any change floated by regulator, the required changes are required to be done separately in each Form.

This policy will enable us to make changes in only one document which will be followed by all products/businesses and will standardize the KYC documentation policy throughout the Company.

Documentation requirements have been laid down for each client type and the same is subject to update based on the SDD and EDD requirements. Accordingly, the latest updated List of KYC and CDD documents will be shared by the Company from time to time for onward submission to the Client. The basic documents are the minimum required by law for AML / KYC for identification and address. Additional documents are those that provide details of a Client's sources of income, beneficial ownership (in the case of entities) and bank A/Cs for transacting with the Company.

**Guidelines for KYC:**

- i Self attestation of documents is mandatory.
- ii Copies of all the documents submitted by the applicant should be accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents.
- iii If any proof of identity or address is in a foreign language, then translation into English is required.
- iv Name & address of the applicant mentioned on CM CP Agreement, should match with the documentary proof submitted.
- v If correspondence & permanent addresses are different, then proofs for both have to be submitted.
- vi Attestation of these documents (by way of mentioning the source of the document and signature against the same) may be carried out by a duly authorized official of the Client. No further attestation of such documents is required.
- vii The Global Custodian or the Local Custodian may fill the Form, if authorized through the Power of Attorney (PoA).
- viii In person verification is not applicable for a non-individual Client. IPV for individual clients through web camera shall be allowed.
- ix Reliance on information available from reliable public sources- In addition to information provided by the client, the intermediaries can rely on documents / information available from reliable public sources (for e.g. websites of Regulators, Exchanges, SROs, Registrars) while collecting documents / information required for an FPI. Attestation of these

documents (by way of mentioning the source of the document and signature against the same) may be carried out by a duly authorized official of the Intermediary. No further attestation of such documents is required.

- x List of people authorized to attest the documents: Notary Public, officials of Multinational Foreign Banks or any Bank regulated by Reserve Bank of India (Name, Designation & Seal should be affixed on the copy).
- xi Clear and legible scan copies of the KYC documents will have to be shared for review before sending the originals.
- xii This KYC Checklist is prepared based on the existing applicable laws. The same is subject to change based on change in applicable laws. Additional KYC documents may be requested as and when required based on change in law.

**Periodic KYC review:**

KYC review means steps taken to ensure that documents, data or information collected under the due-diligence process are kept up-to-date and relevant by undertaking reviews of existing records on a periodical basis.

i. At the time of KYC review, the Company may seek confirmation from Client whether there is any change in the documents/ information provided earlier. If there is any change, the Client shall provide the updated documents/ information to the Company. The review of the KYC shall be based on the Risk Categorization:

Risk Category	Review Period
High Risk	Clients from High Risk Jurisdiction or that categorizing High Risk as per the assessment- Annually
Non-High Risk	Every 3 years.

**KYC Documents for Foreign Portfolio Investors:**

Sr. No	Document Type	KYC Documentation Details	Category - I	Category - II
1	Applicant Level	Constitutive Docs (MoA, COI, prospectus etc.)	Required	Required
2		Proof of Address <sup>1</sup>	Required	Required
3		PAN	Required	Required
4		Board Resolution <sup>2</sup>	Not required	Required
5		FATCA / CRS form	Required	Required
6		Form/ KYC Form	Required	Required
7	Authorised Signatories	List of Signatures <sup>2</sup>	Required	Required

8	Ultimate Beneficial Owner (UBO)	List of UBO including the details of Intermediate BO <sup>3</sup>	Required	Required
9		Proof of Identity	Not Required	Required
1 Power of Attorney having address provided to Custodian is accepted as address proof.				
2 Power of Attorney granted to Global custodian/ local custodian is accepted in lieu of Board Resolution (BR). BR and the authorized signatory list (ASL) is not required if SWIFT is used as a medium of instruction.				
3 UBO is not required for Government and Government related entities.				

**Know Your Client (KYC) Registration Agency:**

A mechanism of Know Your Client Registration Agency (KRAs) in the securities market has been developed for centralization of the KYC records.

The client shall be allowed to open an account with ODPL and transact in securities market as soon as the KYC process is completed.

After doing the initial KYC of the new clients, ODPL shall forthwith upload the KYC information on the system of the KRA within 3 working days from the date of completion of KYC process.

In case a client's KYC documents sent by ODPL to KRA are not complete, the KRA shall inform the same to ODPL who shall forward the required information / documents promptly to KRA.

For existing clients, the KYC data shall be uploaded by ODPL provided they are in conformity with details sought in the uniform KYC format. While uploading these clients' data ODPL shall ensure that there is no duplication of data in the KRA system.

ODPL shall maintain electronic records of KYCs of clients and keeping physical records would not be necessary.

ODPL shall promptly provide KYC related information to KRA, as and when required.

ODPL shall have adequate internal controls to ensure the security / authenticity of data uploaded by it.

**Central KYC Records Registry (CKYCR):**

Government of India has authorized the Central Registry of Securitization Asset Reconstruction and Security interest of India (CERSAI), set up under sub-section (1) of Section 20 of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, to act as, and to perform the functions of, the Central KYC Records Registry under the PML

Rules, 2005, including receiving, storing, safeguarding and retrieving the KYC records in digital form of a “client”, as defined in clause (ha) sub-section (1) of Section 2 of the PMLA, 2002.

As required under the PML Rules, registered intermediaries shall capture the KYC information for sharing with the Central KYC Records Registry in the manner mentioned in the PML Rules, as per the KYC template finalised by CERSAI.

As per SEBI Circular **SEBI/HO/MIRSD/SECFATF/P/CIR/2024/79 dated June 06, 2024** Registered intermediaries shall continue to upload/ download/ modify the KYC information with proper authentication on the systems of KRA, as per the provisions of SEBI KRA Regulations, 2011.

KRAs shall upload the verified/ validated KYC information onto the system of CKYCRR within 7 days of receiving the same from intermediaries or any other timeline as notified under PML Rules. The KRAs shall integrate their systems with CKYCRR and commence the uploading of KYC records on CKYCRR from August 01, 2024.

KRAs shall ensure that existing KYC records of legal entities and of individual clients are uploaded on to CKYCRR within a period of 6 months from August 01, 2024.

## Annexure-II

### Client Risk Assessment Procedure

1. Client KYC Screening on websites of regulatory authorities.
2. Listing the disclosures made by Investor in Source of Funds/Wealth Declaration.

Categorization of the client based on following parameters:

Sr No.	Investors Qualifying Parameters	Risk Category
1.	<ul style="list-style-type: none"><li>• Shell Companies</li><li>• Entities/Individual from Sanction List</li><li>• Clients with refusal or reluctance to provide CDD Documentation and Fictitious Accounts</li><li>• Relationship having non-registered bearer shares or numbered accounts including anonymous accounts</li></ul>	Unacceptable Risk
2.	<ul style="list-style-type: none"><li>• Client located in a high-risk country; as per the Country Risk List</li><li>• Business relationships with PEP (either direct or indirect, local or foreign)</li><li>• Politically Exposed Persons</li><li>• Clients with dubious reputation as per public information available</li><li>• Situations which by their nature can present a higher risk of money laundering or terrorist financing corruption or being subject to targeted financial sanctions;</li></ul>	High Risk
3.	<ul style="list-style-type: none"><li>• charitable trusts, NGOs and organizations receiving donations</li><li>• Companies having close family shareholding or beneficial ownership</li><li>• Complex legal structures ensuring a clear understanding of the structure and its activities;</li></ul>	Medium Risk
4.	Any of the Clients not falling in the above parameters	Low Risk

3. A risk classification will be provided in respect of each Client based on the risk profile designed by the Company. The risk categorization will determine whether a Client will be categorized into low risk, medium risk, or high-risk category.

(a) **High Risk** - Any Client who scores a total risk rating which is high based on the below categories will be classified as a high-risk investor. Over and above the standard CDD required under this policy, enhanced due diligence will be carried out. Acceptance of such clients will also have to be approved by the Designated Partners.

(b) **Medium Risk** : Standard CDD will be carried out with certain requirements of Enhanced Due Diligence based on specific requirements.

(c) **Low Risk** : Standard CDD will be carried out except where the Company assesses that simplified due diligence measures may be applied.

#### 4. **Simplified Client Due Diligence (“SDD”) Measures:**

- a) SDD shall mean the purpose of risk categorization, individuals and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, accordingly Client may be categorized as low risk. Illustrative examples of low-risk clients could be salaried employees whose salary structures are well defined, people belonging to lower economic strata of the society whose accounts show small balances and low turnover, Government departments & Government owned companies, regulators and statutory bodies etc. In such cases, only the basic requirements of verifying the identity and location of the Client are to be met.
- b) SDD should not be applied where there is suspicion or reasonable grounds for knowing or suspecting that a Client or applicant for business is engaged in money laundering or terrorism financing or that the transaction being conducted by the Clients or
- c) SDD shall not be applied where the business is being carried out on behalf of another person engaged in money laundering or terrorist financing.

#### 5. **Enhanced Due Diligence (“EDD”) Measures:**

The Company is required to apply enhanced due diligence measures in all high-risk business relationships, clients, and transactions, while taking into account, more specially the High-Risk and Medium Risk Clients.

The following additional steps must be taken in relation to identifications and verifications:

- (a) obtaining additional information on the Client’s (e.g. occupation, volume of assets, information available through public databases, internet, etc.), and updating periodically the identification data of the Client and the beneficial owner;
- (b) obtaining additional information on the intended nature of the business relationship;
- (c) obtaining information on the source of funds or source of wealth of the Client;
- (d) obtaining information on the reasons for intended or performed transactions;
- (e) obtaining the approval of senior management to commence or continue the business relationship;
- (f) conducting enhanced monitoring of the business relationship, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination;

Politically Exposed Persons Risk or “PEP” risk relates to the risks associated with providing financial and business services to government ministers or officials from countries with widely known problems of bribery, corruption and financial irregularity within their governments and

society. This risk is even more acute where such countries do not have anti-money laundering standards, or where these do not meet international financial transparency standards. The Company's business could face considerable reputational damage if the Company is found to have a business relationship with client involving the proceeds of corruption.

Therefore, the transactions by PEPs should be subject to closer scrutiny. The Company must consider the degree of ownership, the prominence of the individual PEP and their past history, performance track record or reputation, their public responsibilities and duties, potential conflicts of interest, the likelihood that political changes in the country could expose wrongdoing by the PEP and their source of wealth and source of funds must be established as legitimate both at outset and on an ongoing basis.

The Company shall in relation to a PEP, whether as an investor or beneficial owner, in addition to performing the prescribed CDD measures:

- (a) determine whether the Client or beneficial owner is a PEP;
- (b) obtain senior management approval before establishing or continuing, for existing investors, such business relationships;
- (c) take reasonable measures to establish the source of wealth and the source of funds of investors and beneficial owners identified as PEPs; and
- (d) conduct enhanced ongoing monitoring on the relationship.