



ANTI-MONEY LAUNDERING (AML) & COMBATING THE FINANCING OF TERRORISM (CFT) POLICY

Aaritya Broking Private Limited (hereafter referred to as "Company")

SEBI Stock Broker Registration no – INZ000317632

SEBI Depository Participant Registration no – IN-DP-780-2024

(Registered with SEBI under Section 12 of the SEBI Act, 1992)

1. OVERVIEW

This Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) Policy is framed in accordance with:

- Prevention of Money Laundering Act, 2002 (PMLA)
- Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules)
- SEBI Master Circular dated June 06, 2024
- Applicable SEBI Regulations, Circulars and Guidelines
- Unlawful Activities (Prevention) Act, 1967 (UAPA)
- Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005

The objective of this Policy is to prevent the Company from being used, intentionally or unintentionally, for money laundering (ML), terrorist financing (TF), or proliferation financing activities.

2. BACKGROUND

Under PMLA and PML Rules, every reporting entity (including SEBI registered intermediaries and stock exchanges) is required to:

- Follow client account opening procedures.
- Maintain prescribed records.
- Report specified transactions to FIU-IND.
- Establish internal mechanisms for detecting suspicious transactions.

Violations under Section 12A of SEBI Act are treated as scheduled offences under PMLA.



3. POLICIES AND PROCEDURES TO COMBAT MONEY LAUNDERING AND TERRORIST FINANCING

3.1 Essential Principles

The Company shall:

- Ensure compliance with PMLA and SEBI requirements.
- Apply risk-based AML measures.
- Adopt more stringent standards in case of conflict with host country regulations.
- Apply additional safeguards where AML implementation is restricted by local laws and inform SEBI accordingly.

3.2 Obligation to Establish Policies and Procedures

The Company shall:

- Establish written AML/CFT procedures approved by Senior Management.
- Implement group-wide AML programs (if applicable).
- Share necessary CDD and risk-related information within the group with confidentiality safeguards.
- Conduct independent review of AML systems.
- Ensure staff awareness and vigilance.

3.3 Written Anti-Money Laundering Procedures

The Company adopts written AML procedures covering:

1. Client Acceptance Policy
2. Client Identification Procedure
3. Risk Management
4. Monitoring of Transactions

4. CLIENT DUE DILIGENCE (CDD)

Client Due Diligence means due diligence carried out using reliable and independent sources.

CDD includes:

- Identification and verification of client.
- Identification and verification of beneficial owner.
- Understanding ownership and control structure.
- Obtaining purpose and intended nature of relationship.
- Ongoing due diligence.
- Periodic updation of client information.
- Filing STR if CDD cannot be completed without tipping off client.
- Mandatory DARPA registration for NPOs.

No account shall be opened without completion of CDD.

5. POLICY FOR ACCEPTANCE OF CLIENTS

The Company shall:

- Not open anonymous or fictitious accounts.
- Classify clients into Low / Medium / High Risk.
- Identify Clients of Special Category (CSC), including:
 - Non-residents
 - High Net Worth Individuals
 - Trusts, NGOs, Charities
 - Politically Exposed Persons (PEPs)
 - Clients from high-risk jurisdictions
 - Non-face-to-face clients
 - Clients with dubious reputation

Enhanced Due Diligence (EDD) shall be applied to CSC.

Accounts shall not be opened where:

- Identity cannot be verified.
- Client refuses to cooperate.
- Documents appear non-genuine.



Suspicious Activity Report (SAR/STR) shall be filed in such cases.

6. CLIENT IDENTIFICATION PROCEDURE (CIP)

CIP shall be conducted:

- At account opening.
- During transactions.
- When doubts arise about existing data.

Requirements:

- Verify identity using reliable documents.
- Obtain senior management approval for PEPs.
- Verify source of funds for PEPs.
- Conduct ongoing due diligence.
- No minimum threshold exemption for CDD.

7. RELIANCE ON THIRD PARTY FOR CDD

The Company may rely on third parties subject to:

- Immediate access to CDD information.
- Third party being regulated and AML compliant.
- Third party not being from high-risk jurisdiction.
- Ultimate responsibility remaining with the Company.

8. RISK MANAGEMENT

8.1 Risk-Based Approach

A Risk-Based Approach (RBA) shall be adopted to apply enhanced due diligence for higher risk clients and simplified due diligence for low risk clients.

Low risk classification shall not apply where suspicion exists.

8.2 Risk Assessment

The Company shall assess ML/TF risk based on:

- Client type
- Geography
- Nature and volume of transactions
- Payment methods
- New products and technologies

Risk assessment shall be documented, periodically updated, and available to authorities.

9. MONITORING OF TRANSACTIONS

The Company shall:

- Monitor transactions regularly.
- Identify complex or unusually large transactions.
- Examine transactions exceeding internal thresholds.
- Maintain written findings.
- Randomly review client transactions.
- Apply due diligence to existing clients based on risk.

10. SUSPICIOUS TRANSACTION MONITORING AND REPORTING

Suspicious transactions include:

- Difficulty in identity verification.
- Unexplained fund sources.
- Unusual overseas transfers.
- Large unexplained business increases.
- Transactions involving high-risk jurisdictions.

All suspicious transactions (including attempted transactions) shall be reported to:

- Principal Officer immediately.
- FIU-IND through STR.

Client shall not be informed (No Tipping Off).

11. INFORMATION TO BE MAINTAINED

The Company shall maintain:

- Nature of transaction.
- Amount and currency.
- Date.
- Parties involved.

12. RECORD KEEPING

The Company shall:

- Maintain records to reconstruct transactions.
- Maintain beneficial ownership records.
- Maintain audit trail.
- Maintain records of cash transactions exceeding ₹10 lakhs.
- Maintain records of suspicious transactions.

13. RETENTION OF RECORDS

- Transaction records: 5 years from transaction date.
- Client identification records: 5 years after closure.
- Records related to investigations: Until case closure.
- STR-related records: 5 years.

14. PROCEDURE FOR FREEZING OF FUNDS (UAPA)

The Company shall:

- Screen clients against UNSC Sanction Lists.
- Freeze funds if match found.
- Inform Central Nodal Officer (FIU-IND) immediately.

- Inform SEBI Nodal Officer.
- Prevent transactions by designated individuals/entities.

15. PROCEDURE FOR IMPLEMENTATION OF SECTION 12A OF WMD ACT

The Company shall:

- Maintain and update Designated List.
- Screen clients at onboarding and periodically.
- Freeze assets without delay upon match.
- Inform Central Nodal Officer.
- File STR with FIU-IND.
- Report to SEBI Nodal Officer.

16. LIST OF DESIGNATED INDIVIDUALS / ENTITIES

The Company shall:

- Obtain updated lists from:
 - United Nations Security Council
 - Ministry of Home Affairs
 - Government notifications
- Conduct periodic screening of clients.

17. JURISDICTIONS THAT DO NOT OR INSUFFICIENTLY APPLY FATF RECOMMENDATIONS

The Company shall:

- Refer to FATF public statements.
- Apply enhanced due diligence.
- Conduct enhanced monitoring and reporting.
- Apply proportionate counter-measures.

18. REPORTING TO FINANCIAL INTELLIGENCE UNIT – INDIA (FIU-IND)

The Company shall report:

- Cash Transaction Reports (CTR)
- Suspicious Transaction Reports (STR)
- Non-Profit Organization Transaction Reports (NTR), where applicable
- Counterfeit Currency Reports

Reports shall be filed within prescribed timelines.

19. DESIGNATION OF OFFICERS FOR ENSURING COMPLIANCE WITH PMLA

The Company shall designate:

(A) Principal Officer

Responsible for:

- Reporting STR/CTR to FIU-IND.
- Coordinating with regulators.
- Ensuring AML compliance.

(B) Designated Director

Responsible for:

- Overall AML compliance.
- Ensuring reporting entity obligations under PMLA.

Details shall be communicated to FIU-IND and SEBI.

20. HIRING AND TRAINING OF EMPLOYEES AND INVESTOR EDUCATION

The Company shall:

- Conduct background verification of employees.
- Provide periodic AML training.
- Ensure staff awareness.
- Educate investors regarding AML obligations.

21. REPEAL AND SAVINGS

This Policy supersedes earlier AML policies adopted by the Company and is aligned with SEBI Master Circular dated June 06, 2024.

Any actions taken under earlier policies shall be deemed to have been taken under this Policy.

Policy reviewed by	Vaibhav Satalkar
Policy approved by	Abhishek Sinha

Date: 01-10-2025

Place: Mumbai

