

PMLA POLICY

DSPL means Dhanki Securities Private Limited. The policy was first made at the time of applicability of the PMLA requirements and has been later reviewed at various occasion with the latest reviewing being done on 20th September, 2021 covering the various circular issued by FIU/SEBI.

The below mentioned policy on PMLA has been approved by the Board of Directors in their meeting and has been adopted by the company (broking house). All the employees are required to follow the same and take due care for its proper implementation and efforts are to be made to make this known to the clients who deal with the company.

Procedures with respect to implementation of Anti Money Laundering Measures under the Prevention of Money Laundering Act, 2002.

1. Objective:

The objective of these measures is to discourage and identify any money laundering or terrorist financing activities. These measures are intended to place a system for identifying; monitoring and reporting suspected money laundering or terrorist financing transactions to the law enforcement authorities.

2. Appointment of Principal Officer:

The company shall appoint a Principal Officer, as required under the Prevention of Money Laundering Act, 2002. The Principal Officer is responsible to discharge the legal obligations to report suspicious transactions to the authorities. The Principal Officer will act as a central reference point in facilitating onward reporting of suspicious transactions and assessment of potentially suspicious transactions. In case of any change in the Principal Officer, the information regarding the same would be immediately informed to FIU.

3. Appoint a Designated Director:

As defined in Rule 2 (ba) of the PML Rules, the company shall appoint a Designated Director who should be responsible for ensuring the compliance with the PMLA requirements;

“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 the Managing Director or a Whole-time Director duly authorized by the Board of Directors.

4. Information's to be recorded:

- The nature of the transactions.
- The amount of the transaction and the currency in which it was denominated.
- The date on which the transaction was conducted.
- The parties to the transaction.
- The origin of the transaction.

For DHANKI SECURITIES PVT. LTD.


Compliance Officer



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5. Transactions to Record:

- All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency.
- All series of cash transactions integrally connected to each other, which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month.
- All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place.
- All suspicious transactions whether or not made in cash are reviewed.

Note: For recording all the suspicious transactions “transactions integrally connected”, “transactions remotely connected or related” should also be considered in records.

6. Records Maintenance:

- The Company shall maintain adequate records so as to enable it to demonstrate that appropriate initial and ongoing Customer Due Diligence procedures have been followed. To this end, Company shall maintain records of
 - (i) Client Identification Procedure
 - (ii) All documents collected at the time of client on-boarding
 - (iii) Customer Risk Profiling
- Adequate records of all transactions should be maintained in order to permit reconstruction of transactions including the amounts, types of currency involved, the origin of funds received into customer’s accounts and the beneficiaries of payments out of customer’s accounts. To this end, the Company shall retain following information for the account of their customers 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:
 - the origin of the funds;
 - the form in which the funds were offered or withdrawn, e.g. cheques, EFT, etc.;
 - the identity of the person undertaking the transaction;
 - the destination of the funds;
 - the form of instruction and authority.
- As per Regulations 54 and 66 of the SEBI (Depositories and Participants) Regulations, 2018” & SEBI/HO/MRD2/DDAP/CIR/P/2020/153 dated August 18th, 2020 all necessary records on transactions, both domestic and international, should be maintained at least for the minimum period of 10 years as prescribed in PMLA, 2002 or in any other legislations, regulations, exchange byelaws or circulars.

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- In situation where the records relate to on-going investigations or transactions, which have been the subject of a suspicious transaction reporting, they should be retained until it is confirmed that case has been closed.
- The company should record and maintain and preserve the information regarding the transaction as provided in Rule 3 of the PML rules and the information of the same should be maintained for a period of 10 years or until the closure of the trail for the trade.
- DSPL shall register the details of a client, in case of client being a non-profit organization, on the DARPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for a period of five years after the business relationship between a client and the registered intermediary has ended or the account has been closed, whichever is later.

7. Procedure and manner of maintaining information:

- The company shall maintain information in respect of above transactions with its client in hard and soft copies and in accordance with the procedure, as the case may be, from time to time.

8. Monitoring & Reporting of Transactions:

- The company has a system of monitoring the transactions by the principal officer which are reviewed. The principal officer also reviews the alerts provided by the exchanges, SEBI and the same is reviewed so as to enquire the genuinity of the transaction. Additionally, the transactions done are checked manually so as to determine the authenticity of the trade.
- The company carries out due diligence and scrutiny of transactions to ensure that the transactions being conducted are consistent with the business and risk profile of the client on the basis of the information provided by the clients.
- The principal officer would further investigate the transactions and call for further information as required. If felt suspicious the principal officer would inform immediately to the Financial Intelligence Unit (FIU) giving details of the transaction in the Suspicious Transaction Report (STR).
- The proper documents and supporting for the transaction should be maintained with the intermediary and forward the details as may be called by the regulators.

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, Hotel Samrat, Chanakyapuri,
New Delhi-110021.
Website: <http://fiuindia.gov.in>

and shall adhere to the following instructions given in SEBI Master Circular no. SEBI/ HO/ MIRSD/ DOP/ CIR/ P/ 2019/113 dated October 15, 2019 while reporting

a. Cash Transaction Reports (CTRs):

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- The CTRs (wherever applicable) for each month should be submitted to FIU-IND by 15th of the succeeding month;
- b. Suspicious Transaction Reports (STRs):
 - All suspicious transactions shall be reported by the Principal Officer to Director, FIU-IND within 7 working days of establishment of suspicion at the level of Principal Officer. The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion.
- c. The Principal Officer will be responsible for timely submission of CTRs and STRs to FIU-IND;
- d. Utmost confidentiality should be maintained in filing of CTRs and STRs to FIU-IND. The reports may be transmitted by speed/registered post/fax at the notified address.
- e. No NIL reporting needs to be made to FIU-IND in case there are no cash/suspicious transactions to be reported.

Every control system should be established in the organization to take care that the reporting of suspicious activity should be done to the regulators only and no client should be informed to the suspicious reporting being done about themselves or about anybody else. The Company and its staff are strictly required to ensure that there is no 'tipping-off' to any customers about any suspicious transaction reporting that has been made to the regulators. The organization may use the learning from the suspicious activity to train the staff for controlling any suspicious activity and use the information for investor / clients awareness about the suspicious transactions

9. Policy and procedures to Combat Money Laundering and Terrorist Financing

Company has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame work for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to FIU as per the guidelines of PMLA Rules, 2002. Further, member shall regularly review the policies and procedures on PMLA and Terrorist Financing to ensure their effectiveness.

To be in compliance with these obligations, the senior management of DSPL shall be fully committed to establishing appropriate policies and procedures for the prevention of Money Laundering and Terrorist Financing 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) Verify the client's identity using reliable, independent source documents, data or information. Where the client purports to act on behalf of juridical person or individual or trust, DSPL shall verify that any person purporting to act on behalf of such client is so authorized and verify the identity of that person.
- (c) Ensure that the content of these Directives are understood by all staff members;

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- (d) 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;
- (e) Adopt client acceptance policies and procedures which are sensitive to the risk of ML and TF;
- (f) 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;
- (g) If DSPL 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 DSPL shall not pursue the CDD process, and shall instead file a STR with FIUIND.
- (h) Have a system in place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- (i) Develop staff members' awareness and vigilance to guard against ML and TF

10. Customer Due diligence:

a. Identification / Verification of clients:

The company has system in place for acceptance of new client. The main measures which company has implemented for acceptance of new client keeping in view the PMLA requirements are as follows:

1. The Application forms for opening an account are issued to prospective client if he provides a valid reference.
2. All accounts are opened only when the prospective client is present in person before the company official.
3. The company collects the details of location (permanent address, correspondence address and registered office address), occupation details, nature of business activities, financial details etc. before new clients is registered.
4. The company shall collect the various mandatory documents as required by law, including the proof of identity of the client. The company should check the reliability of the document by reviewing / checking the same from independent source like verifying the PAN from the income tax website, etc.
5. The company has a procedure to determine whether existing / potential client are not Politically Exposed Person (PEP) and in case of any person found to be a PEP entity then approval of senior management is necessary.
6. Check that the identity of the clients 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.

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7. The company has a system in place to ensure that accounts are not opened in the name of anyone whose name appears in the UN or SEBI debarred entities and the scan of all existing accounts are carried out.
8. The company periodically reviews the trading volumes of the clients and their financial strength in terms of annual income, net worth etc.
9. The company also monitors the financial transactions with clients for pay in payout of funds and securities.
10. The company has the policy not to deal in cash with any of the clients, all transactions, receipt or payment, are carried out only through account payee cheque or Electronic Fund Transfer only.
11. All funds are released to the client by account payee cheques issued in clients name only or by RTGS or by NEFT to clients bank account.

b. Policy for acceptance of Customers

Company has developed customer acceptance policies and procedures which aim to identify the types of customers that are likely to pose a higher than the average risk of money laundering or terrorist financing. The following safeguards are followed while accepting the customers.

- i. No Trading account is opened in a fictitious / benami name, Suspended / Banned Organization and person.
- ii. Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to Customers' 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. These parameters enable classification of Customers into low, medium and high risk. Customers of special category (as given below) are classified under higher risk. Higher degree of due diligence and regular update of Know Your Clients profile are carried for these Customers.

Clients of special category (CSC) include the following:

- Non-resident clients
- High net-worth clients,
- Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations,
- Companies having close family shareholdings or beneficial ownership
- Politically Exposed Persons (PEP)
- 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 repute any of the following – Havens / sponsors of

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international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent.

- Non face to face clients
- Clients with dubious reputation as per public information available etc.

- iii. 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/ regulatory agency.
- iv. In case of non-individual clients the intermediary would call for information regarding the shareholding / ownership of the entity and also the details regarding the persons operating the account so as to identify the persons who are the decision makers and who are the beneficiary of the account.
- v. No account should be opened if appropriate due diligence measures cannot be applied to a customer for want of verification documents on account of non co-operation of the customer or non-reliability of the data/information furnished of the Company.

c. Know your Customer information

- i. Know Your Customer information should be obtained prior to commencing the relationship. A risk based approach should be applied depending on the type of customer, nature of the business relationship and any other risk factor that may be relevant, as well as any specific local requirements.
- ii. The client is identified by using reliable documents/information. Adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship should be obtained by the Company.
- iii. The information to be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the Company in compliance with the SEBI Guidelines. Each original document should be seen prior to acceptance of a copy and all copies of the documents should be self certified by the customer.

d. Risk Profiling of Customers

- i. All clients, at the time of onboarding shall be classified in low, medium and high risk categories, based on the following parameters;
 - a. Meets all four parameters - High Risk
 - b. Meets three parameters - Medium Risk
 - c. Meets two or less parameters - Low risk

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- Parameter 1 (Location) - If the clients' location (registered office address, correspondence addresses and other addresses if applicable) is out of India in any of the high risk jurisdictions as defined by FATF
 - Parameter 2 (nature of business activity) - If the client is dealing in derivatives segment
 - Parameter 3 (Trading turnover) - If the turnover of the client is not commensurate with the income/ net worth as provided to DSPL
 - Parameter 4 (Manner of making payment for transactions undertaken) - it client attempts to make payments from accounts other than its own bank accounts
- ii. All customers should be assigned one of these categories.
- iii. The category of risk assigned to an account/customer will determine the applicable Customer Identification Procedures, subsequent monitoring & risk management.
- iv. Customers who may pose risk to the Company or to Money Laundering Deterrence Programme and can affect the Company's reputation, should be treated as high risk and should be subject to enhanced Customer Due Diligence, include, but are not limited to the following:-
Members of the Company must not establish accounts or relationships involving unregulated money service businesses or unregulated businesses involved in aiming / gambling activities.
- Offshore Trusts, Special purpose Vehicles, International Business Companies which are established in locations with strict bank secrecy or confidentiality rules, or other legislation that may impede the application of prudent money laundering controls.
 - Private companies or public companies not subject to regulatory disclosure requirements that are constituted in full or in part by bearer shares.
 - Customers with complex account relationships – e.g. multiple accounts in one, customers with high value and/ or high frequency transactional behavior.
 - No account should be opened in anonymous or fictitious/benami name(s) i.e. to say the anonymous or fictitious / benami customers shall not be accepted.
 - No account should be allowed to do further transactions if any judgment has been issued by SEBI or FIU regarding any order against them and thus will Effectively and expeditiously implement the order.
 - No account should be opened if appropriate due diligence measures cannot be applied to a customer for want of verification documents on account of non co-operation of the customer or non-reliability of the data/information furnished of the Company.
- v. DPSL shall identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and existing products. DSPL shall ensure: a. To undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and b. Adoption of a risk based approach to manage and mitigate the risks.

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e. Reliance on Third Party for Client Due Diligence:

The Client Due Diligence & In-Person verification of the clients will be done by the staff of the company only. We shall not rely on any third party agency for the same.

f. Continuous Monitoring of Transactions & Identification of Suspicious Transactions /Activities

- (i) The Company shall undertake appropriate scrutiny and monitoring of customers' account activity and transactions on an ongoing basis in order to identify any unusual and potentially suspicious activity. This is possible only when the Company's staff has an understanding of the normal activity of the client so that they can identify any deviant transactions/activities;
- (ii) Transactions and account activity involving customers categorized as high risk should be subject to enhanced monitoring. The monitoring of transaction will also be done on basis of Volume of trading done by the client in proportion to his financial details / networth as disclosed in the KYC. The financial details will also be updated on periodical basis to have a proper control on their transactions.
- (iii) Suspicious transaction means a transaction whether or not made in cash which, to a person acting in good faith –
 - (a) gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
 - (b) appears to be made in circumstances of unusual or unjustified complexity; or
 - (c) appears to have no economic rationale or bonafide purpose;
 - (d) gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Some of the circumstances which may lead to suspicion and certain transactions which are deemed to be suspicious in nature are:

- False identification documents or identification documents which could not be verified within reasonable time;
- Non-face to face clients;
- Doubt over the real beneficiary of the account;
- Accounts opened with names very close to other established business entities;
- Suspicious background or links with known criminals;
- Large number of accounts having a common account holder, introducer or authorized signatory with no rationale;
- Unexplained transfers between multiple accounts with no rationale;
- Unusual activity compared to past transactions;
- Use of different accounts by client alternatively;
- Sudden activity in dormant accounts;

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- Activity inconsistent with what would be expected from declared business;
- Account used for circular trading;
- Unusual or unjustified complexity in transactions;
- No economic rationale or bonafide purpose of transactions;
- Doubtful source of funds;
- Transactions reflecting likely market manipulations;
- Transaction value just below threshold in an apparent attempt to avoid reporting;
- Large sums being transferred from overseas for making payments;
- Transactions inconsistent with the clients apparent financial standing;
- Inconsistency in the payment pattern by client;
- Block deal which is not at market price or prices appear to be artificially inflated/deflated;
- Cash transaction with customers;
- Unusual transactions by Clients of Special Category (CSC), businesses undertaken by offshore banks/financial services, businesses reported to be in the nature of export and import;
- Transactions in securities could be considered as suspicious if they are far away from the prevailing market price or theoretical market price and are accompanied with offsetting transactions without satisfactory explanations;
- Transactions of a client would be considered as suspicious if the client does not confirm the transactions, does not sign the ledger account confirmations, securities ledger confirmations or does not effect receipts or payments of moneys due for a considerably long period of time without satisfactory explanations;
- Customers with no discernible reason for using Company's services e.g. clients with distant addresses who could find the same service nearer home or client's requirements not in the normal pattern of Company's business which could more easily be serviced locally;
- "Cold calls" by investors who are not known personally by the staff member or the market in general;
- Transactions not in keeping with the investor's normal activity, the financial markets in which the investor is active, or the investor's business;
- Buying and selling of securities with no discernible purpose or in unusual circumstances e.g. churning at the client's request;
- Large quantity or frequent buying & selling by clients in scrips categorized as 'Trade for Trade' by Exchange;
- Large numbers of transactions of small amounts by the same client in the same security, first purchased and then sold, the proceeds being credited to an account different from the original account;
- Transactions not in keeping with normal practice in the market to which it relates, i.e. with reference to market size and frequency or at off-market prices;

High degree of due diligence shall be applied in respect of clients of High Risk clients. The process of review of high risk clients will require detailed review at the time of opening of these accounts. Further the transaction of these Clients should be analysed and reviewed. Using various data analytic methods the company would also study the movement in the script in which the

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clients trade. In case of any modification to the information provided during account opening, the same should be thoroughly analysed and proper care to be taken to avoid any mis-happening. In case any suspicion is found in any activity of such account then the action should be taken to report the same as suspicious to the FIU and other regulators as required in law.

The KYC department should also enquire about the beneficiary information for various non-individual entities and also carry-out the verification process by enquiring for the Proof of Identity & Proof of Address of owners as indicated in the earlier part of the PMLA policy.

All the clients of the company will be continuously reviewed to check whether the client's name not matches with names in any of the following lists:

- SEBI Debarred List
- UNSC
- PEP
- OFAC (Office of Foreign Access and Control given by US Treasury Dept.)
- Such other list that may be specified by the Regulators/Compliance Department from time to time.

Further for high risk clients this review will be done on a continuous manner on a weekly / monthly basis as may be decided by the management.

- (iv) The compliance department of the Company shall randomly examine a selection of transactions undertaken by clients to examine and comment on whether or not they are in the nature of suspicious transactions.

11. Identification of Beneficial Ownership:

The guidelines are to be followed to verify the identity of persons who beneficially own or control the organization:

A. 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, DSPL 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 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 10% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

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- b. In cases where there exists doubt under clause 4 (a) 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.

- c. Where no natural person is identified under clauses 4 (a) or 4 (b) above, the identity of the relevant natural person who holds the position of senior managing official.

B. For client which is a trust:

Where the client is a *trust*, DSPL 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.

C. 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.

D. Applicability for foreign investors:

Dealing with foreign investors' viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, may be guided by the clarifications issued vide SEBI circular CIK/MIRSD/11/2012 dated September 5, 2012, for the purpose of identification of beneficial ownership of the client.

E. List of Designated Individuals/ Entities

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 <http://www.un.org/sc/committees/1267/consolist.shtml>.

Registered intermediaries are directed to ensure that accounts are not opened in the name of anyone whose name appears in said list. Registered intermediaries shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to SEBI and FIU-IND.

12. Procedure for freezing unfreezing of funds, financial assets or economic resources or related services under UAPA:

SEBI Master Circular No. SEBI/ HO/ MIRSD/ DOP/ CIR/ P/ 2019/113 dated October 15, 2019 on Unlawful Activities (Prevention) Act, 1967 (UAPA)

Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA), relating to the prevention of, and coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In

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this regard, the Central Government had issued an Order dated March 14, 2019 detailing the procedure for the implementation of Section 51A of the UAPA, 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. 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. The obligations to be followed by intermediaries to ensure the effective and expeditious implementation of said Order has been issued vide SEBI Master Circular ref. no: SEBI/ HO/ MIRSD/ DOP/ CIR/ P/ 2019/113 dated October 15, 2019, which needs to be complied with scrupulously. Accordingly, in order to ensure compliance with the Order the company shall follow the following procedure:

In case if any client is found to be guilty under the PMLA provisions then the following procedure to be followed by the Company, will be as under:

1. If the particulars of any of customer/s match the particulars of designated individuals/entities, the Company shall 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 Joint Secretary (CTCR), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736. The Company would also convey the information through e-mail at jsctcr-mha@nic.in
2. The Company would inform the IS-I Division of MHA so that they may take effective action like informing the State Police and /or the Central Agencies for conducting the verification of the individuals/ entities identified by the registered intermediaries.
3. The Company to provide full support to the appointed agency for conducting of the verification so that the verification gets completed within a period of 5 working days.
4. The Company would not provide any prior notice to the designated individuals/entities

Implementation of requests received from foreign countries under U.N. Securities Council Resolution 1373 of 2001.

- i. U.N. Security Council Resolution 1373 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.
- ii. To give effect to the requests of foreign countries under U.N. Security Council Resolution 1373, the Ministry of External Affairs shall examine the requests made by the foreign

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- countries and forward it electronically, with their comments, to the UAPA nodal officer for IS-I Division for freezing of funds or other assets.
- iii. The UAPA nodal officer of IS-I Division of MHA, shall cause the request to be examined, within five working days so as to satisfy itself that on the basis of applicable legal principles, the requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon his satisfaction, request would be electronically forwarded to the nodal officer in SEBI. The proposed designee, as mentioned above would be treated as designated individuals/entities.
 - iv. Upon receipt of the requests from the UAPA nodal officer of IS-I Division, the list would be forwarded to stock exchanges, depositories and intermediaries.
 - v. The freezing orders shall take place without prior notice to the designated persons involved.

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

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

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 the broker. Broker shall 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 CTCR Division of MHA as per the contact details given above within two working days.
- ii. The Joint Secretary (CTCR), MHA, being the nodal officer for (CTCR) 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 the broker. However, if it is not possible for any reason to pass an order unfreezing the assets within fifteen working days, the nodal officer of CTCR Division shall inform the applicant.

13. Hiring of Employees:

The company has a sufficient system of screening the employees before their appointment so that they are suitable and competent to perform their duties. The company would also carry out on going employee training programme so that the employees are adequately trained in AML and CFT procedures.

14. Continuous Training

All new and existing staff are suitably and adequately trained on regular basis to ensure that they understand the Company's approach to money laundering deterrence to provide them clarity as required.

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15. Investor Education

The company also intends to take effective steps for Investor Education regarding the PMLA regulations. Accordingly, the KYC document has details about the requirements of PMLA and has various FAQ / question-answers for the clients.

16. Others Points:

The Policy / documents in relation to CDD will be reviewed once in a year or as per any regulatory changes as and when required and will be presented before the board in the board meeting. The company has made the PMLA policy which is informed to the Investors through the company's website

Any queries or doubts concerning Company AML Policy & Procedures or any local legislation or regulation or Circulars or Guidelines relating to Anti Money Laundering and/or Combating Financing of Terrorism shall be referred to the Principal Officer of the Company.

List of Persons Designated for PMLA

Name of Designated Director: Bharat V. Dhanki
Contact No: 022-61717585
Email ID: info@dhankisecurities.com

Name of Principal Officer: Amar V. Dhanki
Contact No: 022-61717576
Email ID: info@dhankisecurities.com

Review of PMLA policy

This policy will be reviewed on yearly basis or any regulatory changes whichever is earlier.

The review of the policy will be carried out by a person other than involved in framing the policy.

For DHANKI SECURITIES PVT LTD,



Jatin G. Shah
Compliance Officer
Updated: 08th June 2023



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