

Nuvama Clearing Services Ltd (“Nuvama”)

ANTI MONEY LAUNDERING AWARENESS EDUCATING CLIENTS ABOUT AML PROVISIONS

This must be read/understood by each Client of the Company and to be complied by while dealing in Capital and Derivatives segments on its Own or on behalf of its end clients.

Investor Education: Implementation of AML/CFT measures requires registered intermediaries 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 questions by the client about the motive and purpose of collecting such information. There is, therefore, a need for registered intermediaries to sensitize their clients to these requirements like the ones emanating from AML and CFT framework. This literature/pamphlet is being prepared to educate the client about the objectives of the AML/CFT program. You are requested to kindly take note of the same and adhere to the AML/PMLA guidelines.

1. Prevention of Money Laundering Act, 2002 (PMLA) is enacted to prevent the financing of terrorism and to prevent money laundering activities.
2. Under the PMLA Act, it is an obligation of individual/entities to whom PMLA is applicable, to report certain kind of transactions routed through them to Financial Intelligence Unit (FIU).
3. PMLA is, inter-alia, applicable to various SEBI regulated intermediaries which includes Clearing Members, Trading Members, Commodity Brokers, portfolio managers, alternative investment funds, etc.
4. Regulatory authorities have issued circulars wherein intermediaries are instructed to adopt written procedures to implement the anti- money laundering provisions which inter-alia includes Client Due Diligence Process, Policy for acceptance of clients and Procedure for identifying the clients.
5. Nuvama has adopted the Anti-Money Laundering and Combating of Financing of Terrorism Policy in compliance with the afore-said guidelines issued by SEBI.
 - a. As per PMLA the following type of transaction are to be reported to FIU: a) All cash transactions of the value of more than Rs 10 Lacs or its equivalent in foreign currency, b) All series of cash transactions integrally connected to each other which have been valued below Rs 10 Lacs or its equivalent in foreign currency where such series of transactions takes place within one calendar month, c) All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into any non-monetary accounts such as demat account
6. Clients of Special Categories includes: a) Non-resident client; b) High net-worth client (having annual income/net-worth of more than Rs 1 Crore); c) Trust, Charities NGOs and organizations receiving donations; d) Company having close family shareholdings or beneficial ownership; e) Civil Servant or family member or close relative of civil servant; f) Bureaucrat or family member or close relative of bureaucrat; g) Current or Former MP or MLA or MLC or their family member or close relative; h) Politician or their family member or close relative; i) Current or Former Head of State or of Governments or their family member or close relative; j) Senior government/judicial/military officers or their family member or close relative; k) Senior executives of state-owned corporations or their family member or close relative; l) Companies offering foreign exchange offerings.

7. Nuvama has an adequate system of complying with the PMLA requirements which inter-alia includes due diligence and complete documentation from clients. Further, while opening new accounts, all the prescribed procedures of KYC, Client Identifications and Client Due Diligence are strictly adhered to in compliance with the guidelines issued by SEBI/other Regulatory Authorities.
8. Further, record of transaction(s) and client identifications documents are appropriately maintained as part of record retention measures.
9. Clients are advised to be fully conversant with the provisions of PMLA and any amendments thereto from time to time and to co-operate with Nuvama by providing the additional information(s)/ document(s), if asked for, to ensure the compliance requirements under PMLA.
10. Clients are advised to provide certain information which may be of a personal nature or has hitherto never been called for. Clients are advised to co-operate with Nuvama whenever such information is sought from PMLA perspective.
11. Clients are advised to be vigilant and to refrain from the temptation of easy monetary gains, by knowingly or unknowingly supporting the people who are involved in the activities which are endangering freedom and causing damage to the nation. Clients are supposed to provide their active co-operation in the due compliance with the law.
12. Please visit the website of FIU (www.fiuindia.gov.in), SEBI (www.sebi.gov.in) and RBI (www.rbi.org.in) for any further information on the subject. Clients are further advised to regularly visit the said websites for regulatory updates and information on AML/CFT.
