



K. A. GUNDERIA & CO.

SHARE & STOCK BROKERS

Sebi Regn. No. INB010437128

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Policy framed based on Prevention of Money Laundering Act, 2002 and the Rules framed thereunder.

Customer Due Diligence/KYC Standards

New Customer acceptance procedures adopted include following processes :

- a) Customer identification and verification depending on nature/status of the customer and kind of transactions that are expected by the customer.
- b) False/incorrect identification of documents
- c) Client should remain present for registration personally
- d) Compliance with guidelines issued by various regulators such as SEBI, RBI etc.
- e) Establishing identity of the client, verification of addresses, phone numbers and other details.
- f) Obtaining sufficient information in order to identify persons who beneficially own or control the trading account.
- g) Verification of the genuineness of the PAN provided by the client such as comparing with original PAN, checking details on the Income tax website etc.
- h) Checking original documents before accepting a copy.
- i) Asking for any additional information as deemed fit on case to case basis to satisfy about the genuineness and financial standing of the client.
- j) Whether the client has any criminal background, whether he has been at any point of time been associated in any civil or criminal proceedings anywhere.
- k) Checking whether at any point of time he has been banned from trading in the stock market.
- l) As per policy. New Clients are procured through closed reference of director, sub-brokers & employees after in person verification.

For existing clients processes include :

- a) Review of KYC details of all existing active clients in context to the PMLA 2002 requirements.
- b) In case of non individuals additional information about the directors, partners, dominant promoters, major shareholders is obtained.

Following Risk based KYC procedures are adopted for all clients :

1. Large number of accounts having a common account holder/ Address.
2. Unexplained transfers between multiple accounts with no rationale
3. Unusual activity compared to past transactions.
4. Doubt over the real beneficiary of the account.
5. Payout/pay-in of funds and securities transferred to/from a third party



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6. Off market transactions especially in illiquid stock and in F & O, at unrealistic prices.
7. Large sums being transferred from overseas for making payments.
8. Inconsistent with the clients' financial background

Monitoring & Reporting of Suspicious Transactions:

Ongoing monitoring of accounts which includes

1. Identification and detection of apparently abnormal transactions.
2. Daily overview of all transaction for each Client by Employee of the Broker & his superior or by principal officer in this respect.
 - i) Substantial increase in activity without any apparent cause
 - ii) Large number of accounts having common parameters as common partners/directors/promoters/address/email address/telephone numbers/introducers or authorized signatories ;
 - iii) Transactions with no apparent economic or business rationale
 - iv) Sudden activity in dormant accounts;
 - v) Source of funds are doubtful or inconsistency in payment pattern;
 - vi) Transfer of investment proceeds to apparently unrelated third parties ;
 - vii) Multiple transactions of value just below the threshold limit of Rs.10 Lacs specified in PMLA so as to avoid possible reporting;
 - viii) Clients transferring large sums of money to or from overseas locations with instructions for payment in cash
 - ix) Large deals at prices away from the market.

Reporting of Suspicious Transactions :

Processes for alert generation, examination and reporting include :

1. Audit trail for all such transactions till they are reported to FIU/closed
2. Clear enunciation of responsibilities at each stage of process from generation, examination recording and reporting
3. Escalation through the organization to the principal officer designated for PMLA
4. Confidentiality of STRs filed
5. Retention of records



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On going training to Employees :

- 1) Importance of PMLA Act & its requirement to employees through training.
- 2) Ensuring that all the operating and management staff fully understands their responsibilities under PMLA for strict adherence to customer due diligence requirements from establishment of new accounts to transaction monitoring and reporting suspicious transactions to the FIU.
- 3) Organizing suitable training programmes wherever required for new staff, front-line staff, sub-brokers, supervisory staff, controllers and product planning personnel.