

ANTI MONEY LAUNDERING POLICY  
FOR  
PUNE E STOCK BROKING PRIVATE LIMITED



Address :1198, Shukrawar Peth,  
Subhashnagar Lane No.3,  
Near Hirabaug, Pune- 411002

Phone No. 020-41000700, Fax -020-41000618

Website- [www.pesb.co.in](http://www.pesb.co.in)

Policy Complied by: Mr . Vrajesh Shah

Policy Reviewed & Authorized by: Mr. Sandip S.Shah

Policy Review Date: January 7, 2016



## **ANTI MONEY LAUNDERING**

### **POLICES AND PROCEDURES ADOPTED BY THE COMPANY**

#### **1) Policy Statement:**

Our Corporate philosophy is not to get associated in any form with any violations in any country for any reason whatsoever, including anxiety for corporate profit or assisting a client.

Periodic Review of PMLA Policy: The policy would be reviewed annually or in case of any guidance/ circular issued by SEBI/ FIU-IND in regards to the policy whichever is earlier.

#### **2) Policy Objectives:**

- To prevent criminal elements from using our business for money laundering or terrorist financing activities.
- To understand the clients and their financial dealings better, this in turn would help us to manage the risk prudently.
- To put in place appropriate controls for detection and reporting suspicious transactions in accordance with applicable laws/laid down procedures.
- To comply with applicable laws and regulatory guidelines.

#### **3) Key Elements of the Policy:**

**3.1 No Cash transactions:** The Company will not enter into any cash transactions with clients for any reason whatsoever except in exceptional circumstances as permitted by the Rules, Regulations, Bye-laws, circulars of the Exchanges.

##### **3.2 Client Due Diligence Process:**

###### **3.2.1 Principles to be followed:**

- 3.2.1.1** Obtain sufficient information to identify persons who beneficially own or control securities accounts. Wherever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified using client identification and verification procedures. The beneficial owner is the natural person or persons on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.
- 3.2.1.2** Verify the Client's identify using reliable, independent source documents, data or information.
- 3.2.1.2 A.** The Company may 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. It is clarified that despite such reliance, the Company shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

**3.2.1.3.** Conduct on-going due diligence and scrutiny to ensure that the transactions being conducted are consistent with our knowledge of the client, his business/risk profile, taking into account where necessary, the client's source of funds.

**3.2.2. Client Acceptance Policy:**

**3.2.2.1.** All employees have to ensure that the guidelines issued from time to time regarding Client/business acceptance is strictly followed. Existing/Past relationship with the client should be verified and it must be ensured that the client is not on the negative list/defaulters list.

**3.2.2.1 A.** Risk assessment shall be carried out to identify, assess and take effective measures to mitigate money laundering and terrorist financing risk with respect to the Company's 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 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 (these can be accessed at [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml) and <http://www.un.org/sc/committees/1988/list.shtml>). The risk assessment carried out shall 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.

**3.2.2.2.** A detailed search to be carried out to ensure that the Client is not in defaulters/negative list of regulators. (Search should invariably be carried out on SEBI website [www.sebi.gov.in](http://www.sebi.gov.in), Ministry of Corporate Affairs sponsored website [www.watchoutinvestors.com](http://www.watchoutinvestors.com) and UN website at [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml)),

**3.2.2.3.** In case of a corporate, the antecedents of the Company (change of name and registered office in particular) and of all promoters and directors is to be traced. The details of the Directors can be verified from the web-site of the Ministry of Corporate Affairs. In case of individuals they are to be classified into different categories of risk (low, medium, high) depending on the volume of transactions, trading turnover, manner of payment etc.

High Risk Category includes:

- High Net worth Individuals,
- Trusts,
- Charities,
- NGOs,
- companies with close family shareholding,
- Politically Exposed Persons,
- non face to face clients,
- clients with dubious reputation,
- clients in high risk countries,

In case of High Risk Category due care and caution should be exercised at the acceptance stage itself. The profile of such clients, particularly their contact details and financial status, has to be monitored and updated regularly.

**Medium Risk Category includes:**

- Clients with income group 20 lacs or more upto 1 crore
- Professionals such as Doctors, Lawyers, farmers, clients engaged in seasonal business.

**Low Risk Category includes:**

- Employed person
- Clients with income group upto 20Lacs
- Students
- Housewives
- Retired persons
- Dependent persons
- 

**3.2.2.5 Clients of Special Category (CSC):** Such clients include the following:

- Nonresident Indians clients;
- High net worth clients; (“High net worth clients” are clients with disclosed net worth of Rs. 10 Crores or more).
- Trust, Charities, NGOs and organizations receiving donations
- Companies having close family shareholdings or beneficial ownership
- Politically exposed persons (PEP) of foreign origin
- Current/Former Head of State,
- Current or Former Senior High profile politicians and connected persons (immediate family, close advisors and companies in which such individuals have interest or significant influence);
- Companies offering foreign exchange offerings;
- Clients of 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.

- Non face to face clients
- Clients with dubious reputation as per information available in the public domain eg. clients in the willful defaulters / negative list of RBI/other regulators,
- clients debarred by SEBI/FMC/Exchanges,
- clients whose names are appearing on the website of watchoutinvestors.com,
- Clients in the blacklist of government / UN agencies etc.

**3.2.2.6.** An assessment should be made of the financial worthiness of the client by obtaining appropriate declarations at KYC stage. This information should be subsequently used for monitoring whether the transactions of the clients are within the declared means and if the value of the transactions is increasing the client should be asked to disclose the sources of the increase in income.

**3.2.2.7.** A thorough assessment should be carried out to ascertain whether the client is dealing with us on his own behalf or someone else is the beneficial owner; for example while Mr. A may be our client as per the documents, Mr. B may be giving instructions all the time. If there are doubts, before acceptance of the clients, thorough due diligence should be carried out to establish the genuineness of the claims of the clients. Secrecy laws shall not be allowed as a reason not to disclose true identity of the beneficiary/transacting party.

**3.2.2.7** No Account should be opened in a fictitious name/benami name or on an anonymous basis.

**3.2.2.8.** No Client should be accepted where it is not possible to ascertain the identity of the client, or the information provided is suspected to be non-genuine, or if there is perceived non-cooperation of the client in providing full and complete information.

**3.2.2.9.** In the case of Clients who want to act through agent under Power of Attorney (POA), a notarized power of attorney should be obtained. Original of the POA should be verified. Care should be taken to ensure genuineness of the client.

**3.2.2.10** While accepting FIIs/Sub accounts as clients, reports in market/public knowledge regarding their investment behavior e.g. whether they allow their investment vehicle to be used by others; whether they issue underlying participatory notes should also be considered.

**3.2.2.11** Know your client forms prescribed by SEBI/Stock Exchanges/Depositories, duly signed by the client and also witnessed should be obtained before acceptance of the clients.

### **3.3 Client Identification Policy:**

**3.3.1** Before opening the accounts, there should be a personal interaction with the client.

- 3.3.2** Before opening the accounts, in case of companies any one of the following viz. main promoter/Managing Directors/Whole time director/key management person and in the case of partnership any one of the active partners should be met in person.
- 3.3.3.** Caution is to be exercised when identifying companies which appear to be shell companies' or 'front companies'. Shell/front companies are legal entities which have no business substance in their own right but through which financial transactions may be conducted.
- 3.3.4.** In case of clients acting through Powers of Attorney, the Principal and agent should come in person for the first time. Photos of both to be obtained along with signatures on the photos. Valid proof of Identity and Address of the Attorney must be verified with the original and photocopies of the proof must be kept on record. The KYC form, Member Constituent Agreement and the Risk Disclosure Document must compulsorily be signed by the Client himself and not by the POA holder.
- 3.3.5** Original of valid Photo identity of individual/promoter/director to be verified by our official for identifying the client. Signature of the persons should be obtained on the photos. Photocopy of the proof should be taken by our official who should also certify thereon about having verified with original.
- 3.3.6.** In case of individuals, proof of identify (as prescribed by SEBI) should be produced by way of any of the following documents (un-expired original document shall be verified):
- PAN CARD
  - VOTER ID
  - PASSPORT
  - DRIVING LICENSE

Photo copy of the proof should be taken by our official who should also certify thereon about having verified with the unexpired original.

- 3.3.7. Proof of address:** Any of the following address proof to be obtained (un-expired Original should be verified)
- Passport (Not expired)
  - Voter's ID Card (Complete Address with Pin code)
  - Driving License (Complete address with Pin code and not expired)
  - Ration Card (Complete address with Pin code)
  - Flat Maintenance Bill with Society Registration number (not more than 2 months old)
  - Landline Telephone Bill (not more than 2 months old)
  - Electricity Bill (not more than 2 months old)
  - Bank Account Statement (not more than 4 months old)
- 3.3.8.** In the case of joint account (for demat accounts), the above procedure should be carried out for all the persons who hold the joint account.

**3.3.9** Where the client is a company, three certified copies of the following documents shall be obtained:

- Certificate of Incorporation
- Memorandum and Articles of Association
- Copies of the balance sheet for the last 2 financial years (Copies of annual balance sheet to be submitted every year)
- Copies of latest shareholding pattern, including list of all those holding more than 5 % in the share capital of the company, duly certified by the company secretary/whole time director/MD (Copy of updated shareholding pattern to be submitted every year)
- Copy of resolution from the Board of Directors approving participation in equity/ derivatives/debt trading and naming authorized persons for dealing in securities and power of attorney granted to its managers, officers or employees to transact on its behalf, and
- Photographs of whole time directors, individual promoters holding 5% or more, either directly or indirectly in the shareholding of the company and of persons authorized to deal in securities. Identification documents (identity and personal)

Association as promoters/first directors are different from the current promoters/directors. If the name/address of registered office has been changed, reasonable enquiries should be made.

**3.3.11.** Proof of address (as in the case of individuals) of the registered office of the Company, being one of the relevant documents should also be taken.

**3.3.12.** Where the client is a partnership firm, certified copies of the following documents shall be obtained:

- Registration certificate
- Partnership deed and
- Identification documents (identity and personal address) and signature verification as applicable to individuals must be obtained in respect of partners, managers, officers or employees holding POA to transact on its behalf.
- Proof of address of the firm on the basis of relevant documents as applicable to individuals

**3.3.13.** Where the client is a trust, certified copies of the following documents shall be obtained:

- Registration certificate
- Trust deed and
- Proof of identity and address and signature verification of the trustees as applicable to individuals.

**3.3.14** In the case of broking transactions, care should be taken to ensure that the orders are placed by the client and not by others on behalf of the client. If the client proposes to authorize another person to place orders on his/her behalf, a properly executed irrevocable Power of Attorney/Letter of Authority should be obtained and the person who will be placing orders shall also be identified using the above procedure. Periodical Statement of accounts should be sent to the client (and not POA holder) at his/her address mentioning that if he/she does



not respond within 30 days of date of receipt of the letter, the contents shall be taken as accepted and confirmed.

**3.3.15.** After opening broking/DP accounts and/or registering a POA or making any modifications in the Client profile, a letter of thanks should be sent by courier/registered post /speed post, at the recorded address of the client. This will serve the dual purpose of thanking them for opening the account or updating their profile, as the case may be, and also help in verification of genuineness of address provided by the account holder. Transactions should not be allowed if the mail comes back undelivered. The undelivered envelope should be retained with the KYC papers for further inquiries, if necessary.

**3.3.16. Financial standing of the client:** The financial standing of the client must be ascertained from one or more of the following documents submitted by the client (self-attested):

- Acknowledgement Copy along with IT return.
- Acknowledgement Copy along with Wealth tax return
- Latest Balance Sheet Certified by CA
- Net worth Certificate from CA
- Bank Pass book/bank statement (not more than 4 months old)
- Demat statement (not more than 4 months old )
- Form 16
- Salary slip

Photo copy of the proof should be taken by our official who should also certify thereon about having verified with the original.

Clients wishing to trade in the derivatives segment must invariably meet the minimum Income and/or minimum Net worth criteria as laid down by the company from time to time.

It must be ascertained that the income and net worth of the client is derived only from legitimate employment, profession or business activities and legal source.

**Monitoring of transactions:**

**4.1.** All the high risk client accounts should be monitored at least once in a calendar quarter and any exceptions need to be reported to the management and to the Principal Officer.

**4.2.** If any transaction appears to be suspicious it is to be reported to the Principal Officer immediately.

**4.3.** For identifying the suspicious transactions, the following illustrative questions may be considered:

- Is the client willing to accept uneconomic terms without apparent reason?
- Is the transaction inconsistent with legitimate business activity?

- Is the transaction inconsistent with the normal pattern of the client's investment activity?
- Is the transaction inconsistent with the client's account-opening documents?
- Has the client requested that the transaction be cleared in a way that is inconsistent with normal practice?
- Is the client financially capable of the transactions he has asked for?
- Clients whose identity verification seems difficult or clients who appear not to cooperate may be declined.
- Large number of accounts having common parameters such as common partners /directors/promoters/address/email addresses/telephone numbers/introducers or authorized signatories.
- Transactions with no apparent economic or business rationale
- Sudden activity in dormant accounts;
- Source of funds are doubtful or there is inconsistency in payment pattern;
- Transfer of investment proceeds to apparently unrelated third parties;
- Multiple transactions of value just below the threshold limit specified in PMLA so as to avoid possible reporting;
- Clients in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high risk jurisdictions.
- Clients making large transfers to a third party through off market transactions through DP Accounts;
- Purchases made on own account transferred to a third party through off market transactions DP Accounts;
- Suspicious off market transactions;
- Large deals at prices away from the market;
- Accounts based as 'passed through'. Where no transfer of ownership of securities or trading has occurred in the account and the account is being used only for funds transfers/layering purposes.
- Trading activity in account of high risk clients based on their profile, business pattern and industry segment.

**4.4** Caution should be exercised if broking/DP accounts have been in- operative for more than Six (6) months and activity resumes thereafter.

**4.5** Care should also be taken if the clients make payments from bank accounts not declared to us in the Client Registration/KYC forms, or when they make payments through Demand Drafts and not cheques drawn on their declared bank accounts. The details of such transactions should be noted in a separate register and no credit should be given in such instances till adequate due diligence is exercised.

**4.6** Caution should be exercised if there is any high quantity/value off-market transaction in DP accounts. Caution should also be exercised if large credits in a broking account are advised to be transferred to any broking account with us.

**4.7** The Principal Officer shall undertake random checks as to the nature of the transactions and if they are suspicious transactions.

## **5) Maintenance of records:**

- 5.1** Records pertaining to transactions of clients shall be maintained and preserved for a period of five years from the date of the transaction. Record of documents evidencing the identity of the 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 shall be maintained and preserved for a period of five years after the business relationship with the client has ended or the account has been closed, whichever is later. Record of information related to transactions, whether attempted or executed, which are reported to the Director, FIU-IND, as required under Rules 7 & 8 of the PML Rules, shall be maintained and preserved for a period of five years from the date of the transaction with the client.
- 5.2** In the case of transactions where any investigations by any authority has been commenced and in the case of transactions which have been the subject of suspicious transactions reporting all the records shall be maintained till the authority informs of closure of the case.

## **6) Principal Officer:**

The company has designated the Compliance officer as the Principal Officer who shall be responsible for implementation and compliance of this policy. The duties of the Compliance Officer shall include the following:

- Monitoring the implementation of Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) Policy
- Reporting of Transactions and sharing of information as required under the law Liaoning with law enforcement agencies.
- Ensuring submission of periodical reports to Top Management. The report shall mention if any suspicious transactions are being looked into by the respective business groups and if any reporting is to be made to the authorities.
- Providing clarifications to staff members on the provisions of the Act, Rules, Guidelines and the policy of the company.

## **6A) Designated Director**

“Designated Director” means a person designated by the Board of Directors to ensure overall compliance with the obligations imposed under The Prevention of Money Laundering Act, 2002 and the Rules framed there under, as amended from time to time, and include the Managing Director or a Whole-time Director duly authorized by the Board of Directors. The Company shall appoint a Designated Director and communicate the details of the Designated Director, such as, name, designation and address to the Office of the Director, FIU-IND and update the same whenever there is any change.

#### **7) Staff Awareness and training**

Staff who deal directly with the public are the first point of contact with potential money launderers. Their efforts are therefore vital to the reporting system for such transactions. Staff should keep abreast of the practices to identify suspicious transactions and on the procedure to be adopted when a transaction is deemed to be suspicious. In short, employees must familiarize themselves with their clients' normal trading activities and usual market practices in order to recognize anomalous behavior. Suspicions concerning the source of assets or the nature of a transaction should not be ignored. It is the active responsibility of every person in the company to seek to ensure that the company's facility is not being misused. Staff should not disclose to the client concerned nor to other third persons that their transactions are deemed suspicious or if information may be transmitted to the authorities.

#### **8) Hiring of Employees**

The company shall have adequate screening procedures in place to ensure high standards when recruiting employees. They shall identify the key positions within the organization structure and ensure that the employees taking up such key positions are suitable and competent to perform their duties.

#### **9) Investor Education**

Implementation of the measures outlined herein may require us 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. Staff/Sub-brokers/Authorised Persons must, therefore, sensitize clients about these requirements as the ones emanating from Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) framework. Specific literature/pamphlets etc may also be prepared so as to educate the client of the objectives of the AML/CFT programme.

#### **10) Information to be Reported:**

Records of information reported to the Director, Financial Intelligence Unit- India (FIU-IND): Registered intermediaries shall maintain and preserve the record of Information related to transactions, whether attempted or executed, which are reported to the Director, FIU-IND, as required under rules 7&8 of PML Rules, for a period of five years from the date of the transaction between the client and the intermediary.

### **11) Freezing of Assets:**

Assets lying in form of securities in clients DP account may be frozen if directed by any regulatory authority, for duration specified or until further notice is received to revoke such freeze instruction.

### **Annexure A- List of Alerts generated from the system where additional due diligence to be exercised:**

#### **Alerts generated by AML system ( Eq/Der/MF)**

**Parameters available on the Dashboard / Reports:** Following are the parameters / nature of alerts / reports / scenarios available

#### **Group Parameter 1 (Client Scrip Concentration).**

To understand whether a given client is focusing on a particular scrip over a period of one year or x period. Also analysis of his focus on the investment pattern.

Could give lead to Insider Trading indicators

Could give lead to an understanding that for multiple accounts there is a common operator based on trading pattern

Could give lead to an understanding that for multiple accounts there is a common operator based on mobile number or email address

#### **Group Parameter 2( Client Exchange Volume )**

. To understand the intent of the client on his share of turnover, trades, percentage, movement of the price over that period. Clubbed report for a period for a client for a scrip. This will help to understand whether there is an intent to do transactions of no economic rationale or manipulation.

: In the intent is to get highlighted clients when they have unusually large positions with the exchange for a given instrument, the number of occasions done in different scrips. This could help in trying to understand matched trades between different brokerage houses through the indicator of the number of trades in the exchange and the client.

Could lead to indicators of market manipulation

Could lead to pump and dump theory indicators

Could give indicators on artificial profit or loss creation

Could lead to indicators of artificial volume creation

Could lead to indicators of activity in illiquid scrip

Could lead to indicators of circular trading

#### **Group Parameter 3 ( Illiquid Scrips)**

. To understand the intent of the client when he would like deal in not so liquid scrip.

Could lead to indicators of unusual activity or manipulation activity in illiquid scrip

**Group parameter 4: (Cross Segment Client Strength)**

This is a parameter which will tell you the financial size vis a vis the fund flow and whether there is violation combining multi segments.

Factors considered

Buy in equities

Sell in equities

Profit / Loss In Equities/ Derivatives

Exposure Margin

Span Margin

Option Premium paid

Option Premium written off.

Income

Net Worth

**It will highlight clients who are bringing funds way beyond their financial strength.**

**Group parameter 5: (Client Purchase to Income)**

This parameter tells you the financial size vis a vis the fund flow and whether there is violation.

Factors considered

Buy in equities

Sell in equities

Income

This should bring those clients whose income is X and are bring funds in multiple of X.

**Group parameter 6: (Financial Transactions)**

It will focus on clients which are bringing money in the form of pre funded instruments or it can be extended to RTGS / NEFT or cheque also.

Clients with more payments in the form of pre funded instruments can be highlighted.

**Group parameter 7: (Dormant Account)**

Dormancy can be defined in number of days.

If a client does a trade after X days and worth value Y then accordingly negative grades are allotted and highlighted.

**Group parameter 8: (Synchronized Trading)**

Highlight clients who are trading within themselves.

Could lead to indicators of market manipulation

Could lead to pump and dump theory indicators

Could give indicators on artificial profit or loss creation

Could lead to indicators of artificial volume creation

Could lead to indicators of activity in illiquid scrip

Could lead to indicators of circular trading

**Group parameter 9: (Summary)**

This would give a summary of all clients based on negative grades, which have been assigned based on the above criteria for a period X.

**Group parameter 10: (Broker Exchange Volume)**

Here the comparison is done of the Broking Entity Volume as a whole with the Exchange Volume

**Group parameter 11: (Key person matching for Non Individuals)**

This criteria will highlight to you accounts which have common controllers or common owners. Example if an Individual is a director in 4 different private limited companies and they have 4 trading account with the broker.

The matching is done based on

Name of the Individual

Email of the Individual

PAN of the Individual

Mobile Number if the Individual

**Group parameter 12: (Client Net Sell)**

This criteria will highlight to you clients which have been net selling. The idea here is to understand the source of securities or the way in which profit is generated.

Factors considered are

Buy and sell in BSE Equities & NSE Equities

Could lead to

Identification of a client who is acting as unregistered intermediary.

A client who is helping other people liquidate their undisclosed shares.

Could identify a case where shady stocks used to make black money white.

Could lead to a case where the shares being liquidated are acquired in a fraudulent manner.

**Group parameter 13: (Money Flow In)**

This criteria will highlight to you clients which have been bringing money which is disproportionate to their size.

Financial transaction which means receipts or payments done by a client across all segments.

Could lead to  
Identification of a client who has got undeclared wealth.  
Identification of a client who is acting on behalf of some other individual.  
Identification of a client who is acting as unregistered intermediary.  
Could lead to a case where the Funds being liquidated are acquired in a fraudulent manner.

□ **Group parameter 14: (Money Flow Out)**

This criteria will highlight to you clients which have been taking out money which is disproportionate to their size.

Factors considered are

Financial transaction which means receipts or payments done by a client across all segments.

Could lead to

Identification of a client who is acting as unregistered intermediary.

A client who is helping other people liquidate their undisclosed shares.

Could identify a case where shady stocks used to make black money white.

Could lead to a case where the shares being liquidated are acquired in a fraudulent manner.

□ **Group parameter 15: (Greater than X Fin Txn)**

These criteria will highlight to you clients which have been doing large number financial transaction.

Factors considered are

Financial transaction which means receipts or payments done by a client across all segments.

Could lead to

Identification of a client who is acting as unregistered intermediary.

Identification of a client who is acting on behalf of some other individual.

Exchange given Broking alerts

**Sr. No. Transactional Alerts Segment**

1 Significantly increase in client activity	Cash
2 Sudden trading activity in dormant account	Cash
3 Clients/Group of Client(s), deal in common scrips	Cash
4 Client(s)/Group of Client(s) is concentrated in a few illiquid scrips	Cash
5 Client(s)/Group of Client(s) dealing in scrip in minimum lot size	Cash
6 Client / Group of Client(s) Concentration in a scrip	Cash
7 Circular Trading	Cash
8 Pump and Dump	Cash
9 Wash Sales	Cash & Derivatives



10 Reversal of Trades	Cash & Derivatives
11 Front Running	Cash
12 Concentrated position in the Open Interest / High Turnover	Derivatives
13 Order book spoofing i.e. large orders away from market	Cash

### **DP Alerts**

STR received by CDSL fortnightly will be uploaded and screened through AML Software TSS and suspicious transaction if found any will be get clarified from the client/s. If explanation by the client not found satisfactory to Compliance Officer, such STRs will be presented before Board of Directors and appropriate action such as filing STR with FIU-IND will be done.