

**The Background**

The Prevention of Money-Laundering Act, 2002 (as amended) was notified on July 1, 2005. Subsequent to this, the Securities and Exchange Board of India (SEBI) has, on 18th January 2006, required market intermediaries to adopt a policy framework with respect to anti-money laundering measures to be followed by the intermediaries, Aum Capital Market Pvt Ltd (ACMPL) is inter alia, a stock broker and a depository participant needs to adhere to the same.

**• The Objective**

(a) Money laundering has now become one of the major concerns of international financial community. Money Laundering is not just an attempt to disguise money derived from illegal activities. Rather, money laundering is involvement in any transaction or series of transactions that seek to conceal or disguise the nature or source of proceeds derived from illegal activities, including drug trafficking, terrorism, organized crime, fraud and many other crimes.

(b) Know Your Customer (KYC) is the guiding principle behind the Anti-Money Laundering (AML) measures. It incorporates the "Know Your Customer" Standards & "Anti Money Laundering" Measures, hereinafter to be referred as "KYC Standards" and "AML Measures". The objective of it is to have in place adequate policies, practices and procedures that promote high ethical and professional standards and prevent Aum Capital Market Pvt Ltd from being used, intentionally or unintentionally, by criminal elements

(c) KYC Standards and AML Measures would enable Aum Capital Market Pvt Ltd to know/understand its customers, the beneficial owners in case of non-individual entities, the principals behind customers who are acting as agents and their financial dealings better which in turn will help the Company to manage its risks prudently.

**• Mandate issued by SEBI**

SEBI has mandated that KYC policy should be designed to combat Money Laundering which covers Customer acceptance policy and customer due diligence measures, including requirements for proper identification of the customers. In view thereof, Aum Capital Market Pvt Ltd has framed comprehensive KYC and AML policy.

(a) No account should be opened in anonymous or fictitious/benami name(s) i.e. to say that anonymous or fictitious/benami customers shall not be accepted.

(b) No account should be opened or transactions conducted in the name of or on behalf of banned/suspended individuals, organisations, entities, etc. For the purpose, necessary cross checks must be made to ensure that the identity of a customer does not match with any person with known criminal background or with banned/suspended entities. In case of requirement, clarification would be sought from the prospective / registered client.

(c) No account should be opened if appropriate due diligence measures cannot be applied to a customer for want of verifiable documents on account of non co-operation of the customer or non-reliability of the data/information furnished to ACMPL.

**• Customer Identification procedure**

Customer identification for each customer, whether existing, new, regular or occasional is an essential element of an effective customer due diligence programme. The same includes "profiling of Customer", and solicitation of their "Identification", "Signature", "Address" and "income" documentation. Clients need to provide documents as required in the account opening document and required under SEBI and PMLA regulations. Clients need to also provide details of their Income/Net worth in order to ascertain their financial profile. Clients are expected to update the same frequently and at least on annual basis.