

### **Anti Money Laundering Policy- INDUS PORTFOLIO PVT LIMITED**

Policy created by:	Operational/ Risk Management Staff
Policy reviewed by:	Compliance Officer & Principal Officer
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#### **Section 1. OVERVIEW**

1. The prevention of Money Laundering Act, 2002 (PMLA) was enacted in 2003 and brought into force with effect from 1st July 2005 to prevent money laundering and to provide for attachment, seizure and confiscation of property obtained or derived, directly or indirectly, from or involved in money laundering and for matters connected therewith or incidental thereto .
2. The provisions of the PMLA cover Intermediaries including a Stock broker DP, Sub-DP, share transfer Agent, banker to an issue, trustee to a trust deed, registrar to an issue, asset management company, depository participant and other intermediary associated with the Securities market and registered under section 12 of the Securities and Exchange Board of India Act,1992(SEBI Act), Such intermediary have therefore to adhere to client account opening procedures and maintain records of such transactions as prescribed by the PMLA and Rules notified there under. SEBI Registered intermediaries are also required to frame proper policy to discourage any money laundering or terrorism financing and devise any other measures to follow the spirit of the Act to achieve its objectives.
3. To follow up PMLA, SEBI has issued necessary directives through circulars from time to time, covering issues related to Know your Client (KYC) norms, Anti- Money Laundering (AML), Client Due Diligence (CDD) and combating Financing of Terrorism (CFT). The



directives lay down the minimum requirements and looks upto the intermediaries to specify additional disclosures to be made by clients to address concerns of money laundering and suspicious transactions in the context of trading by clients. Accordingly the Company laid down policy guidelines to be reviewed from time to time and this document purports to update the existing company policy in line with SEBI Master circular No. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated Feb 03, 2023 and subsequent SEBI Circulars on Anti Money Laundering (AML) standards combating the financing of Terrorism (CFT).

4. The policy of the Company is designed to prohibit and actively prevent money laundering and any activity that facilitates money laundering or terrorist financing. Money laundering is generally understood as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds or assets so that they appear to have derived from legitimate origins or constitute legitimate assets.

#### **1.1 Definition of money laundering**

(a) Section 3 of the Prevention of Money Laundering (PML) Act 2002 has defined The "Offence of money laundering" as under:

*"Whoever directly or indirectly attempts to indulge or knowingly assists or knowingly is party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering"*

(b) For the purpose of this document, the term 'money laundering' would also cover financial transactions where the end use of funds goes for terrorist financing irrespective of the source of the funds.

(c) Money Laundering Cycle: The process of Money Laundering regardless of its degree of complexity is accomplished in three stages, namely, (

1) the placement stage,

(2) Layering stage and

(3) Integration Stage.

1) Placement: Physical disposal of criminal proceeds (large amount of cash) and initial introduction of illicit funds in to a financial services institution.





2) Layering: Movement of Funds(e.g. through multiple transactions) from institution to institution to hide the source and ownership of funds and to separate the criminal proceeds from their source by the creation of layers of transactions designed to disguise the audit trail and provide the appearance of legitimacy.

3) Integration: The placing of laundered proceeds back into the economy in such a way that they re-enter the market appearing as normal and legitimate funds. The stock broker have to adhere to the client account opening procedure and maintain a record of all transactions, the nature and value of which has been prescribed in the Rules notified under the PMLA. These include:

a) All cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.

b) All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions take place within one calendar month and the aggregate value of such transactions exceeds rupees ten lakh

c) All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non-monetary account such as demat account, security account maintained by the registered intermediary. For the purpose of suspicious transactions reporting apart from 'transactions integrally connected' transactions remotely connected or related' shall also be considered.

## **1.2 POLICIES AND PROCEDURES TO COMBAT MONEY LAUNDERING AND TERRORIST FINANCING**

### **1.2.1 Obligation to establish policies and procedures:-**

a) Global measures taken to combat drug trafficking, terrorism and other organized and serious crimes have all emphasized the need for financial institutions, including securities market intermediaries, to establish internal procedures that effectively serve to prevent and impede money laundering and terrorist financing. The PMLA is in line with these



measures and mandates that all intermediaries ensure the fulfillment of the aforementioned obligations.

b) To be in compliance with these obligations, the senior management of a registered intermediary shall be fully committed to establishing appropriate policies and procedures for the prevention of ML and TF and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. The documents containing

- i) Policies and procedures, where applicable, for dealing with ML and TF reflects the current statutory and regulatory requirements;
- ii) Ensure that the content of these Directives are understood by all staff members
- iii) Review the policies and procedure to ensure their effectiveness
- iv) adopt client acceptance policies and procedures
- v) 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;
- vi) have system in place for identifying , monitoring and reporting suspected ML or TF transactions to the law enforcement authorities
- vii) develop staff members awareness and vigilance to guard against ML and TF

#### **1.2.2 Policies and procedures to combat ML shall cover:-**

- a) Communication of company policies relating to prevention of ML and TF to all management and relevant staff;
- b) Client acceptance policy and client due diligence measures;
- c) Maintenance of records;
- d) Compliance with relevant statutory and regulatory requirements;
- e) Co-operation with the relevant law enforcement authorities including timely disclosure of information;
- f) Role of internal audit or compliance function to ensure compliance with the policies, procedures and controls relating to the prevention of ML and TF. The Internal audit function shall be independent, adequately resourced and commensurate with the size of





the business and operations, organization structure and number of clients and other such factors.

## SECTION 2: DETAILED DIRECTIVES

### 2.1 Vision towards Anti Money Laundering

2.1.1 Indus Portfolio Pvt Ltd (IPPL) has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and to put in place a framework to report suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002 and as prescribed by SEBI vide its Master Circular No. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated Feb 03, 2023.

2.1.2 IPPL does not deal in cash except in Depository division, where clients make payment of small amounts for Annual maintenance of Depository account and other transaction charges; normally amounting Rs. 10 to Rs. 1000. Hence the requirement of maintaining record of cash transaction in excess of Rs.10 Lakh is not relevant in such petty cash transactions.

2.1.3 For suspicious transactions whether or not made in cash trading pattern of the clients is observed employing different criteria like quality of scrip, market participation, Income & Networth, funds received, trading behavior etc. Special care is taken in cases where sudden spurt is observed in trading of penny stocks or to create artificial market for penny stocks.

#### 2.1.4 Obligations under Prevention of Money Laundering [PML] Act 2002

Section 12 of PML Act 2002 places certain obligations on every Financial Institution/Intermediary/ banking company which include:

- (i) Maintaining a record of prescribed transactions
- (ii) Furnishing information of prescribed transactions to the specified



#### Authority

- (iii) Verifying and maintaining records of the identity of the investors/customers.
- (iv) Preserving records in respect of (i), (ii), (iii) above for a period of 5 years from the date of cessation of transactions i.e., the date of termination of account or business relationship between the client/ investor and the intermediary.

#### **2.1.5. Policy Objectives**

- (a) To prevent criminal elements from using the Stock Market System for money laundering activities.
- (b) To enable INDUS PORTFOLIO PVT LTD to keep track of the financial transactions of the investors.
- (c) To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures.
- (d) To comply applicable laws and regulatory guidelines.
- (e) To take necessary steps to ensure that the concerned staff is adequately trained in KYC/AML procedures.

#### **2.2 .Customer due diligence (CDD):**

##### **2.2.1 The CDD measures comprise the following:**

- (a) Obtaining sufficient information in order to identify person who beneficially own or controls the securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party is identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.





(b) Verify the client's identity using reliable, independent source documents, data or information;

(c) Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the client and/or the person on whose behalf a transaction is being conducted-

(d) CDD has been translating elaborating in the KYC format to establish identity of the client by (a) In person verification (b) Obtaining information eg PAN card aadhar card Ration card etc.

### **Identification of Beneficial Ownership (BO)**

#### **I. 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, all efforts are made to identify the beneficial owners of the client 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.

*Note: 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.
- b. In cases where there exists doubt under clause (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.

*(Note: 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.

## **II. For client which is a trust:**

Where the client is a *trust*, we 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 15% 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.

## **III. For foreign investors**

In case of a Foreign investors We are guided by the clarifications issued vide SEBI circulars SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022 for the purpose of identification of beneficial ownership of such clients if any.

### **2.2.2 Policy for acceptance of clients:**

**a)** No account shall be opened in a fictitious / benami name or on an anonymous basis.

**b)** Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' 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. The parameters shall enable classification of clients into low, medium and high risk. Clients of special category (as given below)





may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile.

c) Do not accept clients with identity matching persons known to have criminal background: - Clients are asked to declare whether they have criminal background or banned in any other manner, whether in terms of criminal or civil proceedings or by any enforcement/regulatory agency, positive declaration prohibits the client from dealing in financial market.

d) Do not accept clients with identity matching with banned person/ entity . We check whether the client's identity matches with persons debarred/ banned by SEBI before opening of account. If we find them in that list then the account not opened.

e) In Person Verification – SEBI Norms:

We Carry out In- Person verification (IPV) of all new investors diligently. It is a mandatory part of the KYC. The Clients have either to visit the Company/Business Associates office and if that is not feasible our dealing official/business associates visit the clients residence/office address for IPV. All photocopies of the documents are verified with original and filed in account opening record. Generally accounts are opened of Known persons, introduced by our staff or existing clients. In all cases the details of introducers are also captured for record.

For a Politically Exposed Person (PEP) special care is taken to determine the nature of political exposure, political relationship, source of funds as far as practical/reasonable to determine his risk profile and ultimate beneficiary owner. Before finally accepting PEP as a client the account opening section ordinarily obtains the approval of Principal Officer/Designated Director

f) Accept clients on whom we are able to apply appropriate KYC procedures. Obtain complete identification information from the client ensuring that the KYC booklet taken by the client is filled in completely. All photocopies self attested submitted by the client are checked against original documents without any exception. 'Know Your Client' guidelines are followed without any





exception. All supporting documents as specified by Securities and Exchange Board of India (SEBI) and Exchanges are obtained and verified.

g) Extra care is taken while accepting Clients of Special category like (1) NRIs (2) HNIs- Client having networth of Rs. 25 crore or more (3) Trust, Charities, NGOs (4) Politically Exposed Persons (PEP) (5) companies having closed share holding/ beneficial ownership (6) Companies dealing in/offering foreign currency (7) Clients in high risk countries (like Libya, Pakistan, Afghanistan, etc.) (8) Clients with dubious background. Clients belonging to countries where corruption/fraud level is high (like Nigeria, Burma, etc). Scrutinize minutely the records/ documents pertaining to clients belonging to aforesaid category. (9) We also define the category of client in back office software.

h) Do not compromise on submission of mandatory information/ documents: Client's account is opened only on receipt of mandatory information along with verified authentic supporting documents as per the regulatory guidelines. Accounts where the client refuses to provide information/documents is not opened. We capture data of key person like director & shareholder of all non-individual clients & also take complete details/documents of Director/ Trustee/ Partners etc invariably while opening the account. In case of corporate client we capture key person data like details of director, share holder.

i) Verify and Validate circumstances under which the client is permitted to act on behalf of another person/ entity are clearly laid down. The manner of operating the account is specified, transaction limits are set for the operation, additional authority required for transactions exceeding a specified quantity/ value and other appropriate details. Further the rights and responsibilities of both the persons (i.e. the agent client registered with Indus Portfolio Pvt Ltd) , as well as the person on whose behalf the agent is acting is clearly laid down). Adequate verification of a person's authority to act on behalf the client is also carried out.





j) The CDD process shall necessarily be revisited, if required, when there are suspicions of money laundering or financing of terrorism (ML/FT).

k) As far as possible, clients income details and volume of transactions are brought into process to determine if the two parameters are in line.

### **2.2.3 Risk-based Approach:**

**2.2.3.1** It is generally recognized that certain clients may be of a higher, medium or lower risk category depending on the circumstances such as the client's financial background, type of business relationship or transaction etc. As such, IPPL shall apply each of the clients due diligence measures on a risk sensitive basis. The basic principle embedded in this approach is that we shall adopt an enhanced client due diligence process for higher risk categories of clients. In line with the risk-based approach, the type and amount of identification information and documents that registered intermediaries are obtained depending on the risk category of a particular client.

### **2.2.3.2 Risk Assessment**

a). We carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc. The risk assessment also takes 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 following URL)

<https://press.un.org/en/content/press-release>  
rea [www.un.org/securitycouncil/sanctions/1718/press-releases](http://www.un.org/securitycouncil/sanctions/1718/press-releases).

<https://www.un.org/securitycouncil/sanctions/1267/press-releases>.

<http://www.un.org/sc/committees/1988/list.shtml>



b The risk assessment carried out shall considers 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.

c We shall intimate full details of accounts bearing resemblance with any of the individuals/entities in the list immediately to the Central [designated] Nodal Officer for the UAPA, at Fax No.011-23092551 and also conveyed over telephone No. 011-23092548. The particulars apart from being sent by post, we shall be conveyed on email id: jsctcr-mha@gov.in.

### **2.2.3.3 Risk Classification**

We classify the clients as low risk, medium risk and high risk clients. By classifying the clients, we are in a better position to apply appropriate customer due diligence process. That is, for high risk client we apply higher degree of due diligence. Special attention is paid to the transactions which are complex, unusually large or pattern which appears to have no economic purpose. On-board risk is defined when a client is introduced to the company.

Risk categorization of client will be based on following parameters:

- a) If the client's location (registered office address, correspondence address) is out of India and in any of the high risk jurisdictions as defined by FATF.
- b) Individual Client having annual income more than Rs. 1 Crores and/or Networth of Rs. 25 Crores.
- c) Income & Networth does not commensurate with transactions (Trading/ DP).
- d) Client dealing in Forex.

Category will be assigned based on the following criteria:

- a) High - Meets all four parameters.
- b) Medium - Meets three parameters





Special category customers & clients reported to FIU shall also move to the high risk category and all the corporate accounts categorized as high risk clients.

The other clients matching any of the following descriptions shall also be compulsorily categorized as a High/Medium or low risk clients:

- 1 . Non Resident clients (NRI) **High**
- 2 . (a) Annual Income > Rs 10 lac-High  
(b) Annual Income- Rs 5 to 10 lac-Med  
(c) Annual Income- Rs 0 to 5 lac- Low
- 3 . (a) Holding Value- > 10 lac -High  
(b). Holding Value- Rs 5 to 10 lac - Medium  
(c) Holding Value- Rs 0 to 5 lac - Low
4. Trust, NGO and Organization receiving donation – High
5. Politically Exposed persons – High
6. Company offering Foreign Exchange Services. High
7. Clients in high risk countries as circulated by SEBI/Exchange. High
8. Clients with dubious reputation as per public information available etc.
9. We are also ensuring that none of the clients is linked to any of the entities or individuals included in the list published by United Nation or UNSCRs. The list of existing clients will also be scanned from said list continuously and full details of the accounts bearing resemblance to any of the individual/entities in the list will be immediately reported to SEBI & FIU-IND.

#### **2.2.4 Special Category:**

Each Registration form and Agreement must be reviewed by a senior manager before allowing any client to transact with us and Following high Risk categories clients may be graded in group of special category of client:

- 1) Non resident clients
- 2) High Net worth Clients





- 3) Trust, Charities, NGOs and organizations receiving donations
- 4) Companies having close family shareholdings or beneficial ownership
- 5) Politically Exposed Persons (PEP) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.
- 6) Politically exposed persons (PEP) of foreign origin
- 7) 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)
- 8) Companies offering foreign exchange offerings
- 9) Current / Former Head of State
- 10) FATF Recommendations, published by the FATF on its website ([www.fatf-gafi.org](http://www.fatf-gafi.org)), are also independently accessed and to consider other publicly available information.
- 11). Non face to face clients
- 12). Clients with dubious reputation as per public information available etc

*(Note: The above mentioned list is only illustrative and the Staff shall exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not.)*

#### **2.2.5. Reliance on third party for carrying out Client Due Diligence (CDD):**

As per SEBI guidelines, we may rely on the third party's report for the following purpose:

- a. For identification and verification of the identity of a client
- b. Determination of whether the client is acting on behalf of a beneficial owner
- c. Identification of the beneficial owner





d. Verification of the identity of the beneficial owner

If such third is regulated, supervised or monitored by the SEBI or other regulator and having measure in place to verify the required compliance with regard to due diligence and sound infrastructure and resources to fulfil record keeping requirement in line with the obligations under the PML Act.

However INDUS has not outsourced such activities to any third party.

### **2.3 Record Keeping**

**2.3.1** Shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

**2.3.2** Shall maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behavior.

**2.3.3** Shall retain the following information for the accounts of our clients 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:
  - i. the origin of the funds
  - ii. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc. Accept payments by cheques/dds only.
  - iii. the identity of the person undertaking the transaction;

**2.3.4** Ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities where required even beyond the period prescribed by SEBI/PMLA..



**2.3.5** More specifically, IPPL software incorporates a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:

- a) all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
- b) all series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency;
- c) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;
- d) all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

#### **2.4. Information to be maintained**

**2.4.1** Shall maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

- a) the nature of the transactions;
- b) the amount of the transaction and the currency in which it is denominated;
- c) the date on which the transaction was conducted; and
- d) the parties to the transaction.

#### **2.5 Retention of Records**

**2.5.1** As required by SEBI, Registered intermediaries should ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there under, PML Act, 2002 as well as other relevant legislation, Rules, Regulations, Exchange Byelaws and Circulars.

In accordance with the above mentioned requirements, we keep proper record of the clients for the period of 5 years. We have an internal mechanism for proper maintenance





and preservation of such records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities.

### **2.5.2 Information to be maintained:-**

We maintain and preserve the following information in respect of transactions referred to in rule 3 of PML Rules:-

- Nature of the transactions .
- Amount of the transaction and the currency in which it is denominated.
- Date on which the transaction was conducted.
- Parties to the transaction

### **2.5.6 Records of information reported to the Director, Financial Intelligence Unit – India**

**(FIU – IND):** We shall maintain and preserve the records of information related to transactions, whether attempted or executed, which are reported to the Director, FIU – IND, as required under Rules 7 and 8 of the PML Rules, for a period of five years from the date of the transaction.

## **2.6 Monitoring of transactions**

**2.6.1** Regular monitoring of transactions is vital for ensuring effectiveness of the AML procedures. This is possible only if we have an understanding of the normal activity of the client so that it can identify deviations in transactions/ activities.

**2.6.2** We pay special attention to all complex unusually large transactions/ patterns which appear to have no economic purpose. We may specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits. The background including all documents/ office records/ memorandums/ clarifications sought pertaining to such transactions and purpose thereof shall also be examined carefully and findings shall be recorded in writing. Further such findings, records and related documents shall be made available to auditors and also to SEBI/ stock exchanges/ FIUIND/other relevant Authorities, during audit, inspection or as and when required. These records are required to be maintained and preserved for a period of five years from the date of transaction between the client and IPPL.



**2.6.3** We shall ensure a record of the transactions is preserved and maintained in terms of Section 12 of the PMLA and that transaction of a suspicious nature or any other transactions notified under Section 12 of the Act are reported to the Director, FIU-IND. Suspicious transactions shall also be regularly reported to the Principal Officer/ Designated Director.

**2.6.4** Further, IPPL shall randomly examine a selection of transactions undertaken by clients to comment on their nature i.e. whether they are in the nature of suspicious transactions or not. **2.6.5** All transaction alerts generated by Exchange(s) will be monitored by Principal Officer for necessary action to be taken.

## **2.7 Suspicious Transaction Monitoring and Reporting**

**2.7.1** We ensure that appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting suspicious transactions. While determining suspicious transactions, we are guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time.

**2.7.2** A list of circumstances which may be in the nature of suspicious transactions is given below. This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:

- a) Clients whose identity verification seems difficult or clients that appear not to cooperate
- b) Asset management services for clients where the source of the funds is not clear or not in keeping with clients' apparent standing /business activity;
- c) Clients based in high risk jurisdictions; d) Substantial increases in business without apparent cause; e) Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- f) Attempted transfer of investment proceeds to apparently unrelated third parties;
- g) Unusual transactions by CSCs and businesses undertaken by offshore banks/financial services, businesses reported to be in the nature of export- import of small items.



**2.7.3** Any suspicious transaction shall be immediately notified to the Principal Officer. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature/ reason of suspicion. However, it shall be ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told of the report/ suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken. The Principal Officer and other appropriate compliance, risk management and related staff members shall have timely access to client identification data and CDD information, transaction records and other relevant information.

**2.7.4** It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. It is clarified that we shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.

**2.7.5** Clause 2.2.4 (g) of this policy categorizes clients of high risk countries, including countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, as 'CSC'. Such clients shall also be subject to appropriate counter measures. These measures may include a further enhanced scrutiny of transactions, enhanced relevant reporting mechanisms or systematic reporting of financial transactions, and applying enhanced due diligence while expanding business relationships with the identified country or persons in that country etc.

## **2.8 List of Designated Individuals/ Entities**

An updated list of individuals and entities who are subject to various sanction measures eg., freezing of assets, account denial of financial services as approved by United Nations and circulated by SEBI/Exchanges is maintained to avoid a "Sanctioned Person" or entity getting its account opened. As and when such a person or entity is identified the details of such individuals/entities is required to be intimated SEBI/Exchanges.

## **2.9 Procedure for freezing of funds, financial assets or economics resources or related services**





We follow the procedure laid down in section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) and the Central Government order dated Feb 02, 2021 as detail procedure for the implementation of section 51A of the UAPA in **Annexure.1** . We do not have any accounts in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC).

#### **2.10 General:**

The above policy covers the areas, which concern Indus Portfolio Pvt. Ltd. in the context of the present day spectrum of its business activities. There are other provisions like procedure of freezing funds, financial assets etc., de-freezing of funds etc., included in SEBI's Master Circular No. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated Feb 03, 2022 which have not been deliberated in above policy. Account opening section is advised to refer to SEBI Master Circulars, if when they come across any one situation that is not included in the above policy but relates to PMLA for guidance.

#### **2.11 Reporting to Financial Intelligence Unit-India**

**2.11.1** In terms of the PML Rules, we are required to report information relating to suspicious transactions to the Director, Financial Intelligence Unit-India (FIUIND) at the following address:

**Director, FIU-IND,  
Financial Intelligence Unit-India,  
6th Floor, Tower-2,,  
Jeevan Bharati Building,  
Connaught Place,  
New Delhi-110001, INDIA  
Email:helpdesk@fiuindia.gov.in  
(For FINnet and general queries) ctrcell@fiuindia.gov.in**





(For Reporting Entity / Principal Officer registration related queries)  
complaints@fiuindia.gov.in  
Website: <http://fiuindia.gov.in>

**2.11.2** We shall carefully go through all the reporting requirements and formats that are available on the website of FIU – IND under the Section Obligation of Reporting Entity – Furnishing Information – Reporting Format ([https://fiuindia.gov.in/files/downloads/Filing\\_Information.html](https://fiuindia.gov.in/files/downloads/Filing_Information.html)). These documents contain detailed directives on the compilation and manner/ procedure of submission of the reports to FIU-IND. The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents while detailed instructions for filing all types of reports are given in the instructions part of the related formats, we shall adhere to the following:

- a) The Suspicious Transaction Report (STR) shall be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion.
- b) The Principal Officer will be responsible for timely submission of STR to FIU-IND;
- c) Utmost confidentiality shall be maintained in filing of STR to FIU-IND.
- d) No nil reporting needs to be made to FIU-IND in case there are no suspicious transactions to be reported.

**2.11.3** We shall not put any restrictions on operations in the accounts where an STR has been made. Our directors, officers and employees (permanent and temporary) shall be prohibited from disclosing (“tipping off”) the fact that a STR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR and/ or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level.

It is clarified that the registered intermediaries, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR if they have reasonable grounds to believe that the transactions involve proceeds of crime.

## **2.12 Appointment of Principal Officer**

The Company has designated Mr. D.K KATARIA , as the Principal Officer for due compliance of anti money laundering policies. He will be responsible for implementation of internal controls & procedures for identifying and reporting any suspicious transaction or activity to the FIU – IND.





The company has provided the FIU with contact information of the principal officer and will promptly notify FIU of any changes in this information.

#### **2.13 Designated Director designation and duties:**

Mr. Kulbir Singh , Director of the company has been appointed as a designated director as per the SEBI's requirement given viz circular no. CIR/MIRSD/1/2014 dated March 12, 2014 in terms of Rule 2 (ba) of the PML Rules. The responsibility of the designated director is to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules.

The company has intimated to the FIU about appointment of designated director along with his contact information. The company will promptly notify FIU of any changes in this information.

### **Employees' Hiring/Employee's Training/ Investor Education**

#### **2.14 Hiring of Employees**

It may be appreciated that KYC norms/AML standards/CFT measures have been prescribed to ensure that criminals are not allowed to misuse the channel. Therefore, We have adequate screening procedures in place to ensure high standards when hiring employees. We shall identify the key positions within their own organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties.

#### **2.15.1 Employees' Training**

We must have an ongoing employee training programme so that the members of the staff are adequately trained in AML and CFT procedures. Training requirements shall have specific focuses for frontline staff, back office staff, compliance staff, risk management staff and





staff dealing with new clients. It is crucial that all those concerned fully understand the rationale behind these directives, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements. The Company also arranges training programmes in collaboration with the Exchanges for training our own staffs relating to AML compliances. Besides whenever organizations like BBF/ANMI arrange such programmes we avail of them at the appropriate level.

**Further, IPPL ensures that:**

- that any employee who commits the IPPL to a transaction has the necessary authority to do so;
- that employees are adequately trained in operating in the relevant areas they are assigned to and are aware of their own, and their organisation's responsibilities as well as the relevant statutory acts governing the Participant.

## **2.16 Investors Education**

Implementation of AML/CFT measures requires 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 of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for intermediaries to sensitize their clients about these requirements as the ones emanating from AML and CFT framework.

**Policy Approved**

For **INDUS PORTFOLIO PVT. LTD.**

*Kulbir Singh*  
Director

**(Director)**





Amexu 3

**File No. 14014/01/2019/CFT  
Government of India  
Ministry of Home Affairs  
CTCR Division**

North Block, New Delhi.  
Dated: the 2<sup>nd</sup> February, 2021

**ORDER**

**Subject: - Procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967.**

Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) reads as under:-

"51A. For the prevention of, and for coping with terrorist activities, the Central Government shall have power to —

- a) 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;
- b) 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;
- c) prevent the entry into or the transit through India of individuals listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism".

The Unlawful Activities (Prevention) Act, 1967 defines "Order" as under: -

"Order" means the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as may be amended from time to time.

2. In order to ensure expeditious and effective implementation of the provisions of Section 51A, a revised procedure is outlined below in supersession of earlier orders and guidelines on the subject:

**3. Appointment and communication details of the UAPA Nodal Officers:**

3.1 The Joint Secretary (CTCR), Ministry of Home Affairs would be the Central [designated] Nodal Officer for the UAPA [Telephone Number: 011-23092548, 011-23092551 (Fax), email address: [jsctcr-mha@gov.in](mailto:jsctcr-mha@gov.in)].

3.2 The Ministry of External Affairs, Department of Economic Affairs, Ministry of Corporate Affairs, Foreigners Division of MHA, FIU-IND, Central Board of Indirect Taxes and Customs (CBIC) and Financial Regulators (RBI, SEBI and IRDA) shall





appoint a UAPA Nodal Officer and communicate the name and contact details to the Central [designated] Nodal Officer for the UAPA.

3.4 All the States and UTs shall appoint a UAPA Nodal Officer preferably of the rank of the Principal Secretary/Secretary, Home Department and communicate the name and contact details to the Central [designated] Nodal Officer for the UAPA.

3.5 The Central [designated] Nodal Officer for the UAPA shall maintain the consolidated list of all UAPA Nodal Officers and forward the list to all other UAPA Nodal Officers, in July every year or as and when the list is updated and shall cause the amended list of UAPA Nodal Officers circulated to all the Nodal Officers.

3.6 The Financial Regulators shall forward the consolidated list of UAPA Nodal Officers to the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies.

3.7 The Regulators of the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs shall forward the consolidated list of UAPA Nodal Officers to the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs.

#### **4. Communication of the list of designated individuals/entities:**

4.1 The Ministry of External Affairs shall update the list of individuals and entities subject to the UN sanction measures whenever changes are made in the lists by the UNSC 1267 Committee pertaining to Al Qaida and Da'esh and the UNSC 1988 Committee pertaining to Taliban. On such revisions, the Ministry of External Affairs would electronically forward the changes without delay to the designated Nodal Officers in the Ministry of Corporate Affairs, CBIC, Financial Regulators, FIU-IND, CTCR Division and Foreigners Division in MHA.

4.2 The Financial Regulators shall forward the list of designated persons as mentioned in Para 4(i) above, without delay to the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies.

4.3 The Central [designated] Nodal Officer for the UAPA shall forward the designated list as mentioned in Para 4(i) above, to all the UAPA Nodal Officers of States/UTs without delay.

4.4 The UAPA Nodal Officer in Foreigners Division of MHA shall forward the designated list as mentioned in Para 4(i) above, to the immigration authorities and security agencies without delay.

4.5 The Regulators of the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs shall forward the list of designated persons as mentioned in Para 4(i) above, to the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs without delay.

**5. Regarding funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or Insurance policies etc.**





5.1 The Financial Regulators will issue necessary guidelines to banks, stock exchanges/depositories, intermediaries regulated by the SEBI and insurance companies requiring them -

- (i) To maintain updated designated lists in electronic form and run a check on the given parameters on a daily basis to verify whether individuals or entities listed in the Schedule to the Order, hereinafter, referred to as designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of bank accounts, stocks, Insurance policies etc., with them.
  - (ii) In case, the particulars of any of their customers match with the particulars of designated individuals/entities, the banks, stock exchanges/depositories, intermediaries regulated by SEBI, insurance companies shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or Insurance policies etc., held by such customer on their books to the Central [designated] Nodal Officer for the UAPA, at Fax No.011-23092551 and also convey over telephone No. 011-23092548. The particulars apart from being sent by post shall necessarily be conveyed on email id: [jsctcr-mha@gov.in](mailto:jsctcr-mha@gov.in).
  - (iii) The banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies shall also send a copy of the communication mentioned in 5.1 (ii) above to the UAPA Nodal Officer of the State/UT where the account is held and to Regulators and FIU-IND, as the case may be, without delay.
  - (iv) In case, the match of any of the customers with the particulars of designated individuals/entities is beyond doubt, the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies shall prevent such designated persons from conducting financial transactions, under intimation to the Central [designated] Nodal Officer for the UAPA at Fax No.011-23092551 and also convey over telephone No.011-23092548. The particulars apart from being sent by post should necessarily be conveyed on e-mail id: [jsctcr-mha@gov.in](mailto:jsctcr-mha@gov.in), without delay.
  - (v) The banks, stock exchanges/depositories, intermediaries regulated by SEBI, and insurance companies shall file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts, covered under Paragraph 5.1(ii) above, carried through or attempted as per the prescribed format.
- 5.2 On receipt of the particulars, as referred to in Paragraph 5 (i) above, the Central [designated] Nodal Officer for the UAPA would cause a verification to be conducted by the State Police and/or the Central Agencies so as to ensure that the individuals/ entities identified by the banks, stock exchanges/depositories, intermediaries and insurance companies are the ones listed as designated individuals/ entities and the funds, financial assets or economic resources or related services, reported by banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies are held by the designated individuals/entities. This verification would be completed expeditiously from the date of receipt of such particulars.
- 5.3 In case, the results of the verification indicate that the properties are owned by or are held for the benefit of the designated individuals/entities, an orders to freeze these assets under Section 51A of the UAPA would be issued by the





Central [designated] nodal officer for the UAPA without delay and conveyed electronically to the concerned bank branch, depository and insurance company under intimation to respective Regulators and FIU-IND. The Central [designated] nodal officer for the UAPA shall also forward a copy thereof to all the Principal Secretaries/Secretaries, Home Department of the States/UTs and all UAPA nodal officers in the country, so that any individual or entity may be prohibited from making any funds, financial assets or economic resources or related services available for the benefit of the designated individuals/ entities or any other person engaged in or suspected to be engaged in terrorism. The Central [designated] Nodal Officer for the UAPA shall also forward a copy of the order to all Directors General of Police/ Commissioners of Police of all States/UTs for initiating action under the provisions of the Unlawful Activities (Prevention) Act, 1967.

The order shall be issued without prior notice to the designated individual/entity.

**6. Regarding financial assets or economic resources of the nature of immovable properties:**

6.1 The Central [designated] Nodal Officer for the UAPA shall electronically forward the designated list to the UAPA Nodal Officers of all States and UTs with request to have the names of the designated individuals/entities, on the given parameters, verified from the records of the office of the Registrar performing the work of registration of immovable properties in their respective jurisdiction, without delay.

6.2 In case, the designated individuals/entities are holding financial assets or economic resources of the nature of immovable property and if any match with the designated individuals/entities is found, the UAPA Nodal Officer of the State/UT would cause communication of the complete particulars of such individual/entity along with complete details of the financial assets or economic resources of the nature of immovable property to the Central [designated] Nodal Officer for the UAPA without delay at Fax No. 011-23092551 and also convey over telephone No. 011-23092548. The particulars apart from being sent by post would necessarily be conveyed on email id: [jsctcr-mha@gov.in](mailto:jsctcr-mha@gov.in).

6.3 The UAPA Nodal Officer of the State/UT may cause such inquiry to be conducted by the State Police so as to ensure that the particulars sent by the Registrar performing the work of registering immovable properties are indeed of these designated individuals/entities. This verification shall be completed without delay and shall be conveyed within 24 hours of the verification, if it matches with the particulars of the designated individual/entity to the Central [designated] Nodal Officer for the UAPA at the given Fax, telephone numbers and also on the email id.

6.4 The Central [designated] Nodal Officer for the UAPA may also have the verification conducted by the Central Agencies. This verification would be completed expeditiously.

6.5 In case, the results of the verification indicates that the particulars match with those of designated individuals/entities, an order under Section 51A of the UAPA shall be issued by the Central [designated] Nodal Officer for the UAPA without delay and conveyed to the concerned Registrar performing the work of registering





immovable properties and to FIU-IND under intimation to the concerned UAPA Nodal Officer of the State/UT.

The order shall be issued without prior notice to the designated individual/entity.

6.6 Further, the UAPA Nodal Officer of the State/UT shall cause to monitor the transactions/ accounts of the designated individual/entity so as 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 UAPA Nodal Officer of the State/UT shall, upon becoming aware of any transactions and attempts by third party immediately bring to the notice of the DGP/Commissioner of Police of the State/UT for initiating action under the provisions of the Unlawful Activities (Prevention) Act, 1967.

**7. Regarding the real-estate agents, dealers of precious metals/stones (DPMS) and other Designated Non-Financial Businesses and Professions (DNFBPs):**

(i) The Designated Non-Financial Businesses and Professions (DNFBPs), inter alia, include casinos, real estate agents, dealers in precious metals/stones (DPMS), lawyers/notaries, accountants, company service providers and societies/ firms and non-profit organizations. The list of designated entities/individuals should be circulated to all DNFBPs by the concerned Regulators without delay.

(ii) The CBIC shall advise the dealers of precious metals/stones (DPMS) that if any designated individual/entity approaches them for sale/purchase of precious metals/stones or attempts to undertake such transactions the dealer should not carry out such transaction and without delay inform the CBIC, who in turn follow the similar procedure as laid down in the paragraphs 6.2 to 6.5 above.

(iii) The UAPA Nodal Officer of the State/UT shall advise the Registrar of Societies/ Firms/ non-profit organizations that if any designated individual/ entity is a shareholder/ member/ partner/ director/ settler/ trustee/ beneficiary/ beneficial owner of any society/ partnership firm/ trust/ non-profit organization, then the Registrar should inform the UAPA Nodal Officer of the State/UT without delay, who will, in turn, follow the procedure as laid down in the paragraphs 6.2 to 6.5 above. The Registrar should also be advised that no societies/ firms/ non-profit organizations should be allowed to be registered, if any of the designated individual/ entity is a director/ partner/ office bearer/ trustee/ settler/ beneficiary or beneficial owner of such juridical person and in case such request is received, then the Registrar shall inform the UAPA Nodal Officer of the concerned State/UT without delay, who will, in turn, follow the procedure laid down in the paragraphs 6.2 to 6.5 above.

(iv) The UAPA Nodal Officer of the State/UT shall also advise appropriate department of the State/UT, administering the operations relating to Casinos, to ensure that the designated individuals/ entities should not be allowed to own or have beneficial ownership in any Casino operation. Further, if any designated individual/ entity visits or participates in any game in the Casino and/ or if any assets of such designated individual/ entity is with the Casino operator, and of the particulars of any client matches with the particulars of designated individuals/ entities, the Casino





owner shall inform the UAPA Nodal Officer of the State/UT without delay, who shall in turn follow the procedure laid down in paragraph 6.2 to 6.5 above.

(v) The Ministry of Corporate Affairs shall issue an appropriate order to the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India (ICSI) requesting them to sensitize their respective members to the provisions of Section 51A of UAPA, so that if any designated individual/entity approaches them, for entering/ investing in the financial sector and/or immovable property, or they are holding or managing any assets/ resources of Designated individual/ entities, then the member shall convey the complete details of such designated individual/ entity to UAPA Nodal Officer in the Ministry of Corporate Affairs who shall in turn follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.

(vi) The members of these institutes should also be sensitized that if they have arranged for or have been approached for incorporation/ formation/ registration of any company, limited liability firm, partnership firm, society, trust, association where any of designated individual/ entity is a director/ shareholder/ member of a company/ society/ association or partner in a firm or settler/ trustee or beneficiary of a trust or a beneficial owner of a juridical person, then the member of the institute should not incorporate/ form/ register such juridical person and should convey the complete details of such designated individual/ entity to UAPA Nodal Officer in the Ministry of Corporate Affairs who shall in turn follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.

(vii) In addition, the member of the ICSI be sensitized that if he/she is Company Secretary or is holding any managerial position where any of designated individual/ entity is a Director and/or Shareholder or having beneficial ownership of any such juridical person then the member should convey the complete details of such designated individual/ entity to UAPA Nodal Officer in the Ministry of Corporate Affairs who shall in turn follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.

(viii) The Registrar of Companies (ROC) may be advised that in case any designated individual/ entity is a shareholder/ director/ whole time director in any company registered with ROC or beneficial owner of such company, then the ROC should convey the complete details of such designated individual/ entity, as per the procedure mentioned in paragraph 8 to 10 above. This procedure shall also be followed in case of any designated individual/ entity being a partner of Limited Liabilities Partnership Firms registered with ROC or beneficial owner of such firms. Further the ROC may be advised that no company or limited liability Partnership firm shall be allowed to be registered if any of the designated individual/ entity is the Director/ Promoter/ Partner or beneficial owner of such company or firm and in case such a request received the ROC should inform the UAPA Nodal Officer in the Ministry of Corporate Affairs who in turn shall follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.





**8. Regarding implementation of requests received from foreign countries under U.N. Security Council Resolution 1373 of 2001:**

8.1 The U.N. Security Council Resolution No.1373 of 2001 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 owned 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. Each individual country has the authority to designate the persons and entities that should have their funds or other assets frozen. Additionally, to ensure that effective cooperation is developed among countries, countries should examine and give effect to, if appropriate, the actions initiated under the freezing mechanisms of other countries.

8.2 To give effect to the requests of foreign countries under the U.N. Security Council Resolution 1373, the Ministry of External Affairs shall examine the requests made by the foreign countries and forward it electronically, with their comments, to the Central [designated] Nodal Officer for the UAPA for freezing of funds or other assets.

8.3 The Central [designated] Nodal Officer for the UAPA shall cause the request to be examined without delay, 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 Officers in Regulators, FIU-IND and to the Nodal Officers of the States/UTs. The proposed designee, as mentioned above would be treated as designated individuals/entities.

9. Upon receipt of the requests by these Nodal Officers from the Central [designated] Nodal Officer for the UAPA, the similar procedure as enumerated at paragraphs 5 and 6 above shall be followed.

The freezing orders shall be issued without prior notice to the designated persons involved.

**10. Regarding exemption, to be granted to the above orders in accordance with UNSCR 1452.**

10.1 The above provisions shall not apply to funds and other financial assets or economic resources that have been determined by the Central [designated] nodal officer of the UAPA to be:-

(a) necessary for basic expenses, including payments for foodstuff, rent or mortgage, medicines and medical treatment, taxes, insurance premiums and public utility charges, or exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services or fees or service charges for routine holding or maintenance of frozen funds or other financial assets or economic resources, after notification by the MEA of the





intention to authorize, where appropriate, access to such funds, assets or resources and in the absence of a negative decision within 48 hours of such notification;

(b) necessary for extraordinary expenses, provided that such determination has been notified by the MEA;

10.2. The addition may be allowed to accounts of the designated individuals/ entities subject to the provisions of paragraph 10 of:

(a) interest or other earnings due on those accounts, or

(b) payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of resolutions 1267 (1999), 1333 (2000), or 1390 (2002),

Provided that any such interest, other earnings and payments continue to be subject to those provisions;

**11. Regarding 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:**

11.1 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, they shall move an application giving the requisite evidence, in writing, to the concerned bank, stock exchanges/ depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties, ROC, Regulators of DNFBPs and the UAPA Nodal Officers of State/UT.

11.2 The banks, stock exchanges/depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties, ROC, Regulators of DNFBPs and the State/ UT Nodal Officers 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 Central [designated] Nodal Officer for the UAPA as per the contact details given in Paragraph 3.1 above, within two working days.

11.3 The Central [designated] Nodal Officer for the UAPA shall cause such verification, as may be required on the basis of the evidence furnished by the individual/entity, and, if satisfied, he/she shall pass an order, without delay, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant, under intimation to the concerned bank, stock exchanges/depositories, intermediaries regulated by SEBI, insurance company, Registrar of Immovable Properties, ROC, Regulators of DNFBPs and the UAPA Nodal Officer of State/UT. However, if it is not possible for any reason to pass an Order unfreezing the assets within 5 working days, the Central [designated] Nodal Officer for the UAPA shall inform the applicant expeditiously.





**12. Regarding prevention of entry into or transit through India:**

12.1 As regards prevention of entry into or transit through India of the designated individuals, the UAPA Nodal Officer in the Foreigners Division of MHA, shall forward the designated lists to the immigration authorities and security agencies with a request to prevent the entry into or the transit through India. The order shall take place without prior notice to the designated individuals/entities.

12.2 The immigration authorities shall ensure strict compliance of the order and also communicate the details of entry or transit through India of the designated individuals as prevented by them to the UAPA Nodal Officer in Foreigners Division of MHA.

**13. Procedure for communication of compliance of action taken under Section 51A:** The Central [designated] Nodal Officer for the UAPA and the Nodal Officer in the Foreigners Division, MHA shall furnish the details of funds, financial assets or economic resources or related services of designated individuals/entities frozen by an order, and details of the individuals whose entry into India or transit through India was prevented, respectively, to the Ministry of External Affairs for onward communication to the United Nations.

**14. Communication of the Order issued under Section 51A of Unlawful Activities (Prevention) Act, 1967:** The order issued under Section 51A of the Unlawful Activities (Prevention) Act, 1967 by the Central [designated] Nodal Officer for the UAPA relating to funds, financial assets or economic resources or related services, shall be communicated to all the UAPA nodal officers in the country, the Regulators of Financial Services, FIU-IND and DNFBPs, banks, depositories/stock exchanges, intermediaries regulated by SEBI, Registrars performing the work of registering immovable properties through the UAPA Nodal Officer of the State/UT.

15. All concerned are requested to ensure strict compliance of this order.

(Ashutosh Agnihotri)  
Joint Secretary to the Government of India

To,

- 1) Governor, Reserve Bank of India, Mumbai
- 2) Chairman, Securities & Exchange Board of India, Mumbai
- 3) Chairman, Insurance Regulatory and Development Authority, Hyderabad.
- 4) Foreign Secretary, Ministry of External Affairs, New Delhi.
- 5) Finance Secretary, Ministry of Finance, New Delhi.
- 6) Revenue Secretary, Department of Revenue, Ministry of Finance, New Delhi.
- 7) Secretary, Ministry of Corporate Affairs, New Delhi
- 8) Chairman, Central Board of Indirect Taxes & Customs, New Delhi.
- 9) Director, Intelligence Bureau, New Delhi.
- 10) Additional Secretary, Department of Financial Services, Ministry of Finance, New Delhi.
- 11) Chief Secretaries of all States/Union Territories
- 12) Principal Secretary (Home)/Secretary (Home) of all States/ Union





#### Territories

- 13) Directors General of Police of all States & Union Territories
- 14) Director General of Police, National Investigation Agency, New Delhi.
- 15) Commissioner of Police, Delhi.
- 16) Joint Secretary (Foreigners), Ministry of Home Affairs, New Delhi.
- 17) Joint Secretary (Capital Markets), Department of Economic Affairs, Ministry of Finance, New Delhi.
- 18) Joint Secretary (Revenue), Department of Revenue, Ministry of Finance, New Delhi.
- 19) Director (FIU-IND), New Delhi.

Copy for information to: -

1. Sr. PPS to HS
2. PS to SS (IS)

