



LIBORD BROKERAGE PRIVATE LIMITED

(CIN No.: U67120MH2007PTC174576)

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POLICY AND PROCEDURES OF LIBORD BROKERAGE PVT LTD (LBPL) IN PURSUANCE TO MASTER CIRCULAR SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 DATED FEBRUARY 03, 2023

1. Introduction

1.1 The Prevention of Money Laundering Act, 2002 ("PMLA") and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 (Maintenance of Records Rules1), as amended from time to time and notified by the Government of India, mandate every reporting entity including intermediaries registered under section 12 of the Securities and Exchange Board of India Act, 1992 (SEBI Act) and stock exchanges, to adhere to client account opening procedures, maintain records and report such transactions as prescribed therein to the relevant authorities. The Maintenance of Records Rules, inter alia, empower SEBI to specify the information required to be maintained by the intermediaries and the procedure, manner and the form in which such information is to be maintained. It also mandates the reporting entities to evolve an internal mechanism having regard to any guidelines issued by regulator for detecting the transactions specified the Maintenance of Records Rules and for furnishing information thereof, in such form as may be directed by the regulator.

1.2 The PMLA Policy of LBPL has been framed in pursuance to the Master Circular SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023 that stipulates the essential principles for combating Money Laundering (ML) and Terrorist Financing (TF) and provides for the procedures and obligations to be followed and complied with by all the LBPL.

2. Objectives

The Objective of the PMLA Policy of LBPL is

- a) to implement and comply with the main provisions of the applicable anti-money laundering and anti-terrorist financing legislations in India which are enacted to discourage and to identify any moneylaundering or terrorist financing activities;
- b) to adhere to the client account opening procedures, maintenance records and reporting of such transactions as prescribed by the PMLA and rules notified there under;

3. Scope

3.1 The Master Circular Directives are intended for use by LBPL since it is registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (SEBI Act). LBPL considers the specific nature of its business, organizational structure, type of clients and transactions, etc. when implementing the suggested measures and procedures to ensure are

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adequate, appropriate and follow the spirit of the suggested measures and the requirements as laid down in the PMLA and guidelines issued by the Government of India and the SEBI from time to time..

3.2 Policies and procedures to combat ML and TF shall cover:

- 3.2.1 Communication of the PMLA Policy of the Company relating to prevention of ML and TF to all management and relevant staff that handle account information, securities transactions, money and client records etc.
- 3.2.2 Client acceptance policy and client due diligence measures, including requirements for proper identification;
- 3.2.3 Maintenance of records;
- 3.2.4 Compliance with relevant statutory and regulatory requirements;
- 3.2.5 Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and
- 3.2.6 Role of internal audit or compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF.
- 3.2.7 The internal audit function shall be independent, adequately resourced and commensurate with the size of the business and operations, organization structure, number of clients and other such factors.

4. Client Due Diligence (CDD)

Anti-Money Laundering Procedures -LBPL has adopted written procedures to implement the anti-money laundering provisions as envisaged under the PMLA. Such procedures shall include inter alia, the following four specific parameters which are related to the overall

- a) Client Due Diligence Process: Policy for acceptance of clients;
- b) Procedure for identifying the clients;
- c) Risk Management;
- d) Monitoring of Transactions.

The CDD measures comprise the following:

- 4.1 Obtaining sufficient information in order to identify persons who beneficially own or control 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 shall be 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;
- 4.2 Verify the client's identity using reliable, independent source documents, data or information;
- 4.3 Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or



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control(s) the client and/or the person on whose behalf a transaction is being conducted -

| Entity | Client Due Diligence Measures |
|---|---|
| For clients other than individuals or trusts: | <p>Where the client is a person other than an individual or trust, viz., company, partnership or unincorporated association/body of individuals, LBPL shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:</p> <p>(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;</p> <p>Explanation: Controlling ownership interest means ownership of/ entitlement to:</p> <p>i) more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;</p> <p>ii) more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or</p> <p>iii) more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.</p> <p>(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;</p> <p>Explanation: Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.</p> <p>(c) Where no natural person is identified under clauses (a) or (b) above, the identity of the relevant natural person who holds the position of senior managing official.</p> |
| For client which is a trust | <p>Where the client is a trust, LBPL shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the author 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;</p> |
| Exemption in case of listed companies | <p>Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies;</p> |
| Applicability for foreign investors: | <p>LBPL while dealing with foreign investors' shall be guided by SEBI Master Circular SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022 and amendments thereto, if any, for the purpose of identification of beneficial ownership of the client;</p> |



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- 4.4 Verify the identity of the beneficial owner of the client and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to 4.3;
- 4.5 Understand the ownership and control structure of the client;
- 4.6 Conduct ongoing due diligence and scrutiny, i.e. Perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with LBPL's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds;
- 4.7 LBPL shall review the due diligence measures including verifying again the identity of the client and obtaining information on the purpose and intended nature of the business relationship, as the case may be, when there are suspicions of money laundering or financing of the activities relating to terrorism or where there are doubts about the adequacy or veracity of previously obtained client identification data; and
- 4.8 LBPL shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

5. Policy for acceptance of clients

LBPL has developed client acceptance policies and procedures that aim to identify the types of clients that are likely to pose a higher than average risk of ML or TF in order to apply client due diligence on a risk sensitive basis depending on the type of client business relationship or transaction. In a nutshell, the following safeguards are to be followed while accepting the clients:

- 5.1 LBPL shall not allow the opening of or keep any anonymous account or account in fictitious names or account on behalf of other persons whose identity has not been disclosed or cannot be verified;
- 5.2 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;
- 5.3 The LBPL shall undertake enhanced due diligence measures as applicable for Clients of Special Category (CSC). CSC shall include the following:
 - 5.3.1 Non - resident clients;
 - 5.3.2 High net-worth clients;
 - 5.3.3 Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations;
 - 5.3.4 Companies having close family shareholdings or beneficial ownership;
 - 5.3.5 Politically Exposed Persons (PEP). 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,



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senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc. The additional norms applicable to PEP as contained in the subsequent paragraph 14 of this circular shall also be applied to the accounts of the family members or closer relatives of PEPs;

- 5.3.6 Clients in high risk countries. While dealing with clients from or situate in high risk countries or geographic areas or when providing delivery of services to clients through high risk countries or geographic areas i.e. places where existence or effectiveness of action against money laundering or terror financing is suspect, LBPL apart from being guided by the FATF statements that inter alia identify such countries or geographic areas that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org) from time to time, shall also independently access and consider other publicly available information along with any other information which they may have access to. However, this shall not preclude LBPL from entering into legitimate transactions with clients from or situate in such high risk countries and geographic areas or delivery of services through such high risk countries or geographic areas;
- 5.3.7 Non face to face clients. Non face to face clients means clients who open accounts without visiting the branch/offices of the LBPL or meeting the officials of the LBPL. Video based customer identification process is treated as face-to-face onboarding of clients;
- 5.3.8 Clients with dubious reputation as per public information available etc;

The above mentioned list is only illustrative and LBPL shall exercise independent judgement to ascertain whether any other set of clients shall be classified as CSC or not.

- 5.4 Documentation requirements and other information to be collected in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI from time to time.
- 5.5 Ensure that an account is not opened where LBPL is unable to apply appropriate CDD measures. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to LBPL is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. LBPL shall not continue to do business with such a person and file a suspicious activity report. It shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. LBPL shall be cautious to ensure that it does not return securities or money that may be from suspicious trades. However, LBPL shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.
- 5.6 The circumstances under which the client is permitted to act on behalf of another person / entity shall be clearly laid down. It shall be specified in what manner the account shall be operated, transaction limits for the operation, additional authority required for



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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 LBPL, as well as the person on whose behalf the agent is acting shall be clearly laid down. Adequate verification of a person's authority to act on behalf of the client shall also be carried out.

- 5.7 Necessary checks and balance to be put into place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any othermanner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.
- 5.8 The CDD process shall necessarily be revisited when there are suspicions of ML/TF.

6 Client identification procedure

- 6.1 The KYC policy shall clearly spell out the client identification procedure (CIP) to be carried out at different stages i.e. while establishing LBPL – client relationship, while carrying out transactions for the client or when LBPL has doubts regarding the veracity or the adequacy of previously obtained client identification data.
- 6.2 LBPL shall be in compliance with the following requirements while putting in place a CIP:
- 6.2.1 LBPL shall proactively put in place appropriate risk management systems to determine whether their client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPs.
- 6.2.2 LBPL shall obtain senior management approval for establishing business relationships with PEPs. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, LBPL shall obtain senior management approval to continue the business relationship.
- 6.2.3 LBPL shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.
- 6.2.4 The client shall be identified by LBPL by using reliable sources including documents / information. LBPL shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
- 6.2.5 The information must be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by LBPL in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.
- 6.2.6 Failure by prospective client to provide satisfactory evidence of identity shall be noted



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and reported to the higher authority within LBPL.

- 6.3 SEBI has specified the minimum requirements relating to KYC for certain classes of LBPL from time to time. Taking into account the basic principles enshrined in the KYC norms which have already been specified or which may be specified by SEBI from time to time, LBPL shall frame its own internal directives based on their experience in dealing with its clients and legal requirements as per the established practices.
- 6.4 Further, LBPL shall conduct ongoing due diligence where it notices inconsistencies in the information provided. The underlying objective shall be to follow the requirements enshrined in the PMLA, SEBI Act and Regulations, directives and circulars issued thereunder so that LBPL is aware of the clients on whose behalf it is dealing.
- 6.5 LBPL shall formulate and implement a CIP which shall incorporate the requirements of the PML Rules Notification No. 9/2005 dated July 01, 2005 (as amended from time to time), which notifies rules for maintenance of records of the nature and value of transactions, the procedure and manner of maintaining and time for furnishing of information and verification of records of the identity of the clients of the banking companies, financial institutions and intermediaries of securities market and such other additional requirements that it considers appropriate to enable it to determine the true identity of its clients.

It may be noted that irrespective of the amount of investment made by clients, no minimum threshold or exemption is available to LBPL (brokers, depository participants, AMCs etc.) from obtaining the minimum information/documents from clients as stipulated in the PML Rules/ SEBI Circulars (as amended from time to time) regarding the verification of the records of the identity of clients. Further no exemption from carrying out CDD exists in respect of any category of clients. In other words, there shall be no minimum investment threshold / category – wise exemption available for carrying out CDD measures by LBPL. This shall be strictly implemented by LBPL and non-compliance shall attract appropriate sanctions.

7. Reliance on third party for carrying out Client Due Diligence (CDD)

7.1 LBPL may rely on a third party for the purpose of -

- 7.1.1 identification and verification of the identity of a client and
- 7.1.2 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.

7.2 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



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SEBI from time to time. In terms of Rule 9(2) of PML Rules:

- 7.2.1 LBPL shall immediately obtain necessary information of such client due diligence; carried out by the third party
- 7.2.2 LBPL shall take adequate steps to satisfy itself that copies of identification data and other relevant documentation relating to the client due diligence requirements will be made available from the third party upon request without delay;
- 7.2.3 LBPL shall be satisfied that such third party is regulated, supervised or monitored for, and has measures in place for compliance with client due diligence and record-keeping requirements in line with the requirements and obligations under the Act;
- 7.2.4 The third party is not based in a country or jurisdiction assessed as high risk; LBPL shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable

8 Risk Management

8.1 Risk-based Approach

- 8.1.1 LBPL shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and shall have policies approved by their senior management, controls and procedures in this regard. Further, LBPL shall monitor the implementation of the controls and enhance them if necessary.
- 8.1.2 It is generally recognized that certain clients may be of a higher or lower risk category depending on the circumstances such as the client's background, type of business relationship or transaction etc. As such, the LBPL shall apply each of the client due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that the LBPL shall adopt an enhanced client due diligence process for higher risk categories of clients. Conversely, a simplified client due diligence process may be adopted for lower risk categories of clients. In line with the risk-based approach, the type and amount of identification information and documents that LBPL shall obtain necessarily depend on the risk category of a particular client.
- 8.1.3 Further, low risk provisions shall not apply when there are suspicions of ML/FT or when other factors give rise to a belief that the customer does not in fact pose a low risk.

8.2 Risk Assessment

- 8.2.1 LBPL shall 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.
- 8.2.2 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



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to be applied. The assessment shall be documented, updated regularly and made available to competent authorities and self-regulating bodies, as and when required.

- 8.2.3 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.

8.3 Monitoring of Transactions

- 8.3.1 Regular monitoring of transactions is vital for ensuring effectiveness of the AML procedures. This is possible only if LBPL has an understanding of the normal activity of the client so that it can identify deviations in transactions / activities.
- 8.3.2 LBPL shall pay special attention to all complex unusually large transactions / patterns which appear to have no economic purpose. LBPL 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/FIU-IND/ other relevant Authorities, during audit, inspection or as and when required.
- 8.3.3 LBPL shall apply client due diligence measures also to existing clients on the basis of materiality and risk, and conduct due diligence on such existing relationships appropriately. The extent of monitoring shall be aligned with the risk category of the client.
- 8.3.4 LBPL shall ensure a record of the transactions is preserved and maintained in terms of Section 12 of the PMLA and that transactions 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 higher authorities within LBPL.
- 8.3.5 Further, the compliance cell of LBPL 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.

9 Suspicious Transaction Monitoring and Reporting

- 9.1 LBPL shall 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, LBPL shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time.



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9.2 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:

- i Clients whose identity verification seems difficult or clients that appear not to cooperate;
- ii Asset management services for clients where the source of the funds is not clear or not in keeping with clients' apparent standing /business activity;
- iii Clients based in high risk jurisdictions;
- iv Substantial increases in business without apparent cause;
- v Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- vi Attempted transfer of investment proceeds to apparently unrelated third parties;
- vii Unusual transactions by CSCs and businesses undertaken by offshore banks/financial services.

9.3 Any suspicious transaction shall be immediately notified to the **Designated/Principal Officer** within LBPL. 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 Designated/ 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.

9.4 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 LBPL shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction

9.5 Paragraph 5.3.6 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'. LBPL is directed that 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.



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10 Information to be maintained

10.1 LBPL shall to maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

- i. the nature of the transactions;
- ii. the amount of the transaction and the currency in which it is denominated;
- iii. the date on which the transaction was conducted; and
- iv. the parties to the transaction.

11 Record Keeping

11.1 LBPL shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made thereunder, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Byelaws and Circulars.

11.2 LBPL 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 behaviour.

11.3 In case of any suspected laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, LBPL shall retain the following information for the accounts of their clients in order to maintain a satisfactory audit trail:

- i. the beneficial owner of the account;
- ii. the volume of the funds flowing through the account; and
- iii. for selected transactions:
 - a. the origin of the funds
 - b. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.
 - c. the identity of the person undertaking the transaction;
 - d. the destination of the funds;
 - e. the form of instruction and authority.

11.4 LBPL shall ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities. Where required by the investigating authority, LBPL shall retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed thereunder PMLA, other relevant legislations, Rules and Regulations or Exchange byelaws or circulars.



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11.5 More specifically, all the LBPL shall put in place a system of maintaining proper record of the nature and value of transactions which has been prescribed under Rule 3 of PML Rules as mentioned below:

11.5.1 all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;

11.5.2 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; It may, however, be clarified that for the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' shall also be considered.

11.5.3 all cash transactions where forged or counterfeit currency notes or banknotes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;

11.5.4 all suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into or from any non-monetary account such as demat account, security account maintained by LBPL.

12 Retention of Records

12.1 LBPL shall take appropriate steps to evolve 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. Further, the records mentioned in Rule 3 of PML Rules have to be maintained and preserved for a period of five years from the date of transactions between the client and intermediary.

12.2 As stated in paragraph 6.1 and 6.2, of this Policy LBPL shall formulate and implement the CIP containing the requirements as laid down in Rule 9 of the PML Rules and such other additional requirements that it considers appropriate. Records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of five years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.

12.3 In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they shall be retained until it is confirmed that the case has been closed.

12.4 LBPL 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 between the client and LBPL.



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13 Procedure for freezing of funds, financial assets or economic resources or related services

- 13.1 LBPL shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) and amendments thereto, they 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).
- 13.2 In order to ensure expeditious and effective implementation of the provisions of Section 51A of UAPA, Government of India has outlined a procedure through an order dated February 02, 2021 for strict compliance. These guidelines have been further amended vide a Gazette Notification dated June 08, 2021.

14 List of Designated Individuals/ Entities

- 14.1 The Ministry of Home Affairs, in pursuance of Section 35(1) of UAPA 1967, declares the list of individuals/entities, from time to time, who are designated as 'Terrorists'. The LBPL shall take note of such lists of designated individuals/terrorists, as and when communicated by SEBI.
- 14.2 All orders under section 35 (1) and 51A of UAPA relating to funds, financial assets or economic resources or related services, circulated by SEBI from time to time shall be taken note of for compliance.
- 14.3 An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) shall be accessed at the specified website in pursuance to the Master Circular.
- 14.4 LBPL shall ensure that accounts are not opened in the name of anyone whose name appears in the said circular. LBPL shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list as per the said circular.
- 14.5 LBPL shall maintain updated designated lists in electronic form and run a check on the given parameters on a regular basis to verify whether the designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of securities with them.
- 14.6 LBPL shall also file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions carried through or attempted in the accounts covered under the list of designated individuals/entities under Section 35 (1) and 51A of UAPA.
- 14.7 Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to the designated Nodal Officers for the UAPA.



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15 Jurisdictions that do not or insufficiently apply the FATF Recommendations

- 15.1 FATF Secretariat after conclusion of each of its plenary, releases public statements and places jurisdictions under increased monitoring to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing risks. In this regard, FATF Statements circulated by SEBI from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered by the LBPL.
- 15.2 LBPL shall take into account the risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statements. However, it shall be noted that the regulated entities are not precluded from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statements.

16 Reporting to Financial Intelligence Unit-India

- 16.1 In terms of the PML Rules, LBPL shall report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) to the Director, FIU-IND, Financial Intelligence Unit – India at 6th Floor, Tower-2, Jeevan Bharati Building, Connaught Place, New Delhi-110001, India as per the prescribed formats periodically as prescribed.

17 Designation of officers for ensuring compliance with provisions of PMLA

- 17.1 Appointment of a Principal Officer: To ensure that LBPL properly discharges its legal obligations to report suspicious transactions to the authorities, the Principal Officer of the company would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors. Names, designation and addresses (including email addresses) of 'Principal Officer' including any changes therein shall also be intimated to the Office of the Director-FIU-IND. The 'Principal Officer' shall be a person having sufficiently senior position and is able to discharge the functions with independence and authority.
- 17.2 Appointment of a Designated Director: In addition to the existing requirement of designation of a Principal Officer, the LBPL shall also designate a person as a 'Designated Director'. In terms of Rule 2 (ba) of the PML Rules, the definition of a Designated Director reads as under:
"Designated director means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and includes the Managing Director or a Whole-Time Director duly authorized by the Board of Directors if the reporting entity is a company"
- 17.3 LBPL shall communicate the details of the Designated Director, such as, name designation and address to the Office of the Director, FIU – IND.



A handwritten signature in blue ink, appearing to read "Naval Agarwal".

18. Hiring and Training of Employees and Investor Education

18.1 Hiring of Employees: The LBPL shall have adequate screening procedures in place to ensure high standards when hiring employees. It identify the key positions within its own organization structure having regard to the risk of money laundering and terrorist financing and the size of its business and ensure the employees taking up such key positions are suitable and competent to perform their duties.

18.2 Training of Employees: LBPL shall 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.

19. Investor Education:

19.1 Implementation of AML/CFT measures requires LBPL 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 LBPL to sensitize its clients about these requirements as the ones emanating from AML and CFT framework. LBPL shall prepare specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT programme.

20. Review of Policy

20.1 This PMLA policy is subject to periodic review by the Board of Directors of the Company as and when required in pursuance to the various circulars issued by statutory authority from time to time.

For Libord Brokerage Private Limited



Nawal Satyanarain Agrawal
Compliance Officer.

