

AML POLICY DOCUMENT – TRUSTLINE HOLDINGS PRIVATE LIMITED

INTRODUCTION

Background:

This Anti Money Laundering Policy is applicable to TrustLine Holdings Private Ltd. As a SEBI registered intermediary, TrustLine Holdings Private Ltd is subject to the provisions of the PMLA Act and rules and as a **“Portfolio Manager”** with SEBI, which mandates TrustLine Holdings Private Ltd to put in place a system for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to the law enforcement authorities and a policy for ensuring that the anti money laundering guidelines issued by SEBI from time to time are complied with. Accordingly TrustLine Holdings Private Ltd has framed this policy having regard to the specific nature of business, organizational structure, type of clients and transactions, etc.

Pursuant to the recommendation made by the Financial Action Task Force on Anti Money Laundering standards, SEBI had issued the guidelines on Anti Money Laundering standards vide their notification no.ISD/CIR/RR/AML/1/6 dated 18th January 2006 and vide letter no.ISD/CIR/RR/AML/2/6 dated 20th March 2006 had issued the obligation of Intermediaries registered under section 12 of the Securities and Exchange Board of India Act, 1992. As per the SEBI guidelines, all Intermediaries have been advised to ensure that proper policy frameworks are put in place as per the guidelines on Anti Money Laundering standards notified by SEBI

DEFINITIONS

In this Policy, the following words shall have the meanings ascribed to them as given below :-

- (i) **“Beneficial Owner”** means the natural person or persons who ultimately own, control or influence a Client and/or persons on whose behalf a transaction is being conducted including those persons who exercise ultimate effective control over a legal person or arrangement;
- (ii) **”Client”** means:
 - (a) A Client of any line of business of TrustLine Holdings Private Ltd
 - (b) Beneficial Owners of such Client
- (iii) **“Operations Team”** means the Employees of TrustLine Holdings Private Ltd engaged in the back-office operations department;
- (iv) **“RM”** means an employee designated by TrustLine Holdings Private Ltd as its relationship manager with respect to a Client;

- (v) **“Suspicious Transactions”** means a transaction whether or not made in cash which to a person acting in good faith-
- (a) Gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
 - (b) Appears to be made in circumstances of unusual or unjustified complexity; or
 - (c) Appears to have no economic rationale or bonafide purpose.

A. AML REPORTING OFFICER AND PRINCIPAL OFFICER (PO)

1. As prescribed, TrustLine Holdings Private Limited shall appoint a Principal Officer. The “Compliance officer” appointed for SEBI requirement shall be the “AML Reporting Officer” for the PMS business.
2. All Employees of TrustLine Holdings Private Ltd shall monitor transactions on a continuous basis and shall report all Cash Transactions and Suspicious Transactions to the AML Reporting Officer. The AML Reporting Officer who shall then file the CTRs and STRs with FIU-IND.

B. KNOW YOUR CLIENT GUIDELINES

The Know Your Client Guidelines of TrustLine Holdings Private Ltd consists of the following:

1. Client Acceptance Policy
2. Risk Management
3. Client Identification Procedures and Client Due Diligence.

1. Client Acceptance

1.1 Initial Steps

- (i) The TrustLine Holdings Private Ltd KYC team shall do the initial level screening of the prospective Client through specialized software available (CIBIL check, Watchoutinvestor Check, etc) to ascertain the creditworthiness of the Client and to check whether the name of the Client appears on the UNSCR list of FATF List. The company shall also verify the correctness of PAN by visiting the website www.incometaxindiaefiling.gov.in (Know your PAN/Jurisdictional AO)
- (ii) Before commencing the Know Your Client and Client Due Diligence procedures as outlined below, the RM shall have an introductory meeting with the Client or his representatives to ascertain the general background of the Client and explain the nature of services offered by TrustLine Holdings Private Ltd.

- (iii) TrustLine Holdings Private Ltd should collect the KYC documents from each Client.
- (iv) TrustLine Holdings Private Ltd shall ensure that the Client Registration Form as prescribed by SEBI has been duly filled up and signed by each Client.
- (v) Failure by the Client to provide satisfactory evidence of identity should be noted and reported to the senior management and Principal Officer.

1.2 In Person Verification (IPV)

- (i) Once the background screening is complete or simultaneously therewith, the RM or his/her team shall conduct an IPV of the prospective Client. IPV of the Client by a TrustLine Holdings Private Ltd employee is mandatory and shall not at any time be outsourced.
- (ii) The employee visiting the Client for IPV must verify the originals of the photocopy documents submitted by the Client as part of KYC documentation.
- (iii) IPV must be conducted at the time of registering the Client under the KYC norms. TrustLine Holdings Private Ltd must be able to satisfactorily identify the Client and must be able to provide Client details to the authorities as and when required.
- (iv) If the client is located outstation, then IPV compliance process can be handled through video call facility.
- (v) If the Client acceptance process rejects a Client or the Client does not respond to requests for additional information/documents, all documents collected from the Client may be refunded and a clause to this effect be incorporated in the KYC Form.

1.3 Risk Evaluation

- (i) For the purposes of assisting risk categorization of a prospective Client, the RM shall, in the process of IPV, try and understand/know the following details during the interaction with the prospective Client (if he can collect some evidence for the details, it would add further value in assessing the Client before taking him/her on board):

In case of individuals, the RM must ascertain the following:

- What is the occupation of the Client?
- If the Client is in business, what is the pattern of his stake holding in business (single or multiple businesses)?
- What is the primary source of Income of the Client?

- Who are the primary bankers of the Client?
- What is the investment pattern? i.e.; where are majority of his investments placed?
- Does the Client have any borrowings? If so, what constitutes major borrowings?
- What is the family background of the Client? Who are the other contributors to family income?
- What is the occupation/source of income of close relatives? i.e.; parents, spouse, siblings, children etc.
- What is the Clients general reputation in the market/social strata?
- Has the Client been directly or indirectly involved in any scam/criminal/anti social activity?
- Does the Client invest in Capital Markets?, if so, since how many years?

In case of non-individuals, the RM must ascertain the following:

- Business carried on by the entity;
- Nature of the entity;
- Annual Turnover / revenue of the entity; financials duly certified by the chartered accountants.
- Investments (if any) already made in the capital market;
- Identify of the stakeholders in the entity;
- Beneficial owners of the entity as prescribed by SEBI;
- Persons in actual control and management of the entity;
- What is the Clients general reputation in the marker?
- Has the Client been directly or indirectly involved in any scam/criminal/anti social activity?
- Does the Client invest in Capital Markets?, if so, since how many years?
- Scope and nature of the proposed transaction, its purpose and end use and whether the proposed transaction seems unnecessarily complex or unusual

- (ii) These basic details need to be documented in a Risk Profile Sheet and submitted along with other KYC documents for approval. These details would be archived for future purposes.

2. Risk Management

2.1 Risk management includes evaluation of risks based on nature of the Client and it would include an analysis of the following parameters with respect of all Clients:

- Type of Client (Individual, Firm, Company etc.)
- Documentation submitted
- Occupation details & Income Range declared at the time of account opening and updated periodically.

2.2 Risk Classification

(i) TrustLine Holdings Private Ltd has adopted a Client risk categorization policy that prescribes factors to be considered for categorizing a Client as low or high risk Clients. In case of low risk Clients only basic requirements on verifying the identity and location of the Client are to be met and high risk category require enhanced Client due diligence measures.

(ii) The following Clients will be classified as “High Risk Clients”:-

- Non salaried NRI business Clients
- High net-worth Clients (Non-Salaried Clients)
- Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations;
- Companies having close family shareholdings or beneficial ownership;
- Politically Exposed Persons (**PEP**) Politically exposed persons 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.
- Companies offering foreign exchange offerings
- Clients in high risk countries where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, countries active in narcotics production, countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, countries against which government sanctions are applied, countries reputed to be any of the following Havens / sponsors of international terrorism, offshore
- Financial centers, tax havens, countries where fraud is highly prevalent;
- Clients with dubious reputation as per public information available etc.;
- Clients whose name appears in the UNSCR List;

- Firms with sleeping partners; and
- Unregistered firms and entities having income predominantly in cash.

(iii) The following Clients will be classified as “Low Risk Clients”:

- Salaried Professional;
- Salaried Senior Management Professionals;
- Salaried HNIs / NRIs
- Persons who do not fall into high-risk category;
- Persons belonging to low economic strata of society whose accounts show small balances and low turnover; and
- Government departments and government owned companies, regulators and statutory bodies.
- Professionals with satisfactory background of their professional status.

(iv) System of periodic review of risk categorization of Clients:

TrustLine Holdings Private Ltd shall put in place system of periodical of risk categorization of accounts and the need for applying enhanced due diligence measures in case of higher risk perception on a client. For High Risk Clients, categorization should be carried out at least once in a six month while for Low Risk Clients; categorization frequency should be once in a year.

3. Client Identification Procedures (CIP) and Client Due Diligence (CDD)

- (i) Identity generally means a set of attributes which together uniquely identify a natural or legal person. An individual’s identity comprises his/her name recent photograph, signature, date of birth and the residential address at which he/she can be located. In case of a non-individual, identity comprises of the incorporation or constitution documents of the entity, the persons controlling the entity and Beneficial Owners thereof as prescribed by SEBI from to time.
- (ii) TrustLine Holdings Private Ltd shall then carry out the requisite KYC procedures at different stages –
 - (a) While establishing the intermediary – Client relationship,
 - (b) While carrying out transactions for the Client or
 - (c) When TrustLine Holdings Private Ltd has reservations or suspicious regarding the veracity or the adequacy or previously obtained Client identification data.

- (iii) The CDD measures to be undertaken by TrustLine Holdings Private Ltd comprise the following:
- Obtaining sufficient information in order to identify the Beneficial Owners of a securities account as per SEBI requirements. 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 should be identified using Client identification and verification procedures.
 - Verifying the Client's identity using reliable, independent source documents, data or information;
 - Identifying 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 as prescribed by SEBI; corroborating the information provided in relation to (c); and
 - The Client Identification Procedures as set out above shall be followed for each Client, irrespective of the amount of investment and shall not be waived for any Client or category thereof.
- (iv) Other safeguards to be taken after a client has been accepted

The following are other general guidelines that employees must bear in mind:

- No account shall be opened in a fictitious / benami name or on an anonymous basis.
- An account shall not be opened where TrustLine Holdings Private Ltd is unable to apply appropriate CDD measures and KYC policies.
- In cases of the kind specified in (ii) above, TrustLine Holdings Private Ltd shall take the following steps:-
 - (a) Refrain from undertaking or continuing business with such person;
 - (b) File an STR with the FIU;
- The Client Identification Procedure as set out in this Policy shall be complied with irrespective of the amount of investment made by Clients and no exemption shall be made in case of any Client.

C. MAINTENANCE AND RETENTION OF RECORDS

- TrustLine Holdings Private Ltd has put in place a system of maintaining proper record of Cash Transactions and Suspicious Transactions as prescribed under the PML Rules, as mentioned below:
 - a) No cash transactions or its equivalent in foreign currency shall be entertained;
 - b) All Suspicious Transactions whether or not made in cash.

- All employees are to maintain records for all Cash Transactions, if any, and Suspicious Transactions such that data can be retrieved easily and quickly whenever required or when requested by the competent authorities. The complete set of information about the Client and his money allocated for PMS Fund is captured and preserved in customized software for reference any time in future.
- The date/records are to be maintained for at least ten years from the date of cessation of transaction between TrustLine Holdings Private Ltd and the Client. Further, records pertaining to the identification of the Client and his address (e.g. copies of document like passports, identity cards, driving licenses, PAN, utility bills etc.) obtained while opening the account and during the course of business relationship, are to be properly preserved for at least ten years after the business relationship is terminated.

D. TRANSACTION MONITORING AND REPORTING

- (i) All Clients are required to allocate the money for PMS Fund from their own bank accounts and TrustLine Holdings Private Ltd employees should ensure that further deposits from the client and payments to the client should flow through such bank account. [DP Registered Bank account or Bank accounts in the name of the clients with appropriate proof]
- (ii) TrustLine Holdings Private Ltd is subject to Foreign Account Tax Compliance Act (FATCA) in case of investments are made by US residents, and will be reported to Income Tax Department about the transaction in Form 61B.
- (iii) All employees of TrustLine Holdings Private Ltd shall monitor transactions conducted by TrustLine Holdings Private Ltd on a continuous basis and shall report all Cash Transactions and Suspicious Transactions to the concerned AML Reporting Officer in the prescribed format who in turn shall report the same to the Principal Officer accordingly. The Principal Officer shall file the CTRs, and STRs with the FIU-IND in accordance with the Policy.
- (iv) On reporting the Suspicious Transaction to the AML Reporting Officer or Principal Officer, as the case may be, the employee must ensure that there is continuity in dealing with the Client as normal until directed otherwise by the senior management team and the Client should not be told of the report/suspicion. In exceptional circumstances, Senior Management may direct the employee to freeze the Client's account and suspend transactions.
- (v) It is likely that in some cases, transactions are abandoned /aborted by Clients on being asked to give some details or to provide documents. It is clarified that employees should report all such attempted transactions to the AML Reporting Officer as a Suspicious

Transaction, even if not completed by Clients, irrespective of the amount of the transaction.

- (vi) Upon reporting Suspicious Transaction, employees shall ensure that securities or monies forming part of such Suspicious Transaction are not returned /refunded to the Client. If the Client makes a request for such refund or makes any other request for operation of the account, the employee must consult with the concerned AML Reporting Officer and Principal Officer before fulfilling the request/taking any action. The AML Reporting Officer and Principal Officer will consult the regulatory authorities in determining what action in such case.

Indicative Suspicious Transactions

- 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. Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- e. Attempted transfer of investment proceeds to apparently unrelated third parties;
- f. Unusual transactions undertaken by offshore banks/financial services, businesses reported to be in the nature of export import of small items.

KYC Documents

An Individual / Sole Proprietorship / NRI		
SLNo	Features	Documents
1.	Proof of Identity	<p>Any one of the following proof with Self certification :-</p> <ul style="list-style-type: none"> ➤ Pan Card ➤ Passport ➤ Driving Licence ➤ Voters Id ➤ Aadhar Card
2.	Proof of Address	<p>Any one of the following proof with Self certification :-</p> <p><u>For Individuals / Proprietorship</u></p> <ul style="list-style-type: none"> ➤ Passport ➤ Driving Licence ➤ Voter's ID ➤ Aadhar Card ➤ Postal ID Card ➤ Bank Statement / Passbook (Latest 2 Months) ➤ Ration Card <p><u>For NRI Clients</u></p> <p>Foreign Address and Local Address :-</p> <p>Any one of the following proof with Self certification :-</p> <ul style="list-style-type: none"> ➤ Passport Copy ➤ Latest Bank Passbook Statement / DP Statement ➤ Voter Id ➤ Driving Licence ➤ Telephone Bill ➤ Electricity Bill ➤ Any other document duly certified by local authority in the country of residence. <p>Note : If name not printed in the cheque leaf, then latest Bank sign and seal required in Bank statement</p>

3.	Other Documents	<p><u>For Individuals / Proprietorship</u></p> <ul style="list-style-type: none"> ➤ Copy of Cancelled Cheque Leaf (With Self Certification) <p><u>For NRI Clients</u></p> <p>(i) Proof of identity and address can also be established by any document containing the photograph, address and signature, duly attested by a manager of a scheduled commercial bank, notary public or gazette officer.</p> <p>(ii) If In-person Verification of the NRI or foreign national is infeasible, then, TrustLine may, in place of In-person verification, obtain from the NRI or foreign national, as the case may be, KYC documents attested by any one of the following:</p> <ul style="list-style-type: none"> ➤ Notary Public ➤ Court ➤ Magistrate ➤ Judge ➤ Local Banker ➤ Indian Embassy, or ➤ Consulate General of the country where the NRI/foreign national is residing <p>(iii) In case the documents are in foreign language the same has to be translated to English and certified by government authority in country of residence or the Indian Embassy.</p>
Hindu Undivided Family (HUF)		
1.	Proof of Identity	<ul style="list-style-type: none"> ➤ HUF PAN Card ➤ KARTA PAN Card <p>Note : KARTA has to put his Self Certification with SEAL</p>
2.	Address Proof of HUF	<ul style="list-style-type: none"> ➤ Bank Passbook / Bank Statement Of HUF (With Bank Sign And Seal) <p>Note : KARTA has to put his Self Certification with SEAL</p>
3.	Address proof of KARTA	Any one of the following proof with Self Certification :-

		<ul style="list-style-type: none"> ➤ Passport. ➤ Driving Licence. ➤ Voter's ID. ➤ Aadhar Card. ➤ Postal ID Card. ➤ Bank Statement / Passbook (Latest 2 Months). ➤ Ration Card.
4.	Other Documents	<ul style="list-style-type: none"> ➤ Deed of declaration of HUF / List of co-parceners executed in Rs. 20 stamp paper and duly attested by Notary Public
5.	Comments	Account can only be held in the name of the Karta on behalf of the HUF
Non Individuals		
1.	For Partnership Firm / Trust	<ul style="list-style-type: none"> ➤ Identity Proof of Authorised Partners / Trustees. ➤ Address Proof of Authorised Partners / Trustees. ➤ PAN card of Authorised Partners / Trustees. ➤ List of all Current Partners / Trustees. ➤ Partnership Firm / Trust copy of the balance sheets for the last 2 financial years. ➤ Certificate of Registration (for registered partnership firms only). ➤ Copy of partnership / Trust deed with Notary Attestation. ➤ Authorised signatories list with specimen signatures. ➤ Photographs of Partners / Trustees. ➤ Resolution and Declaration on Letterhead.
2.	For Corporate	<ul style="list-style-type: none"> ➤ Pan Card of the Company ➤ Memorandum and Articles of Association ➤ Certificate of Incorporation and Commencement of Business

		<ul style="list-style-type: none"> ➤ List of Current Directors & Authorised Signatories with Specimen Signatures. ➤ Copy of the Board Resolution for investment in securities market ➤ Copy of the balance sheets for the last 2 financial years. ➤ Copy of latest shareholding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year). ➤ Photographs, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations. ➤ Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly
3.	Comments	<p>Note: (i) Corporate / Partnership Firm / Trust proofs should be self certified by the Authorised Directors / Partners / Trustees with seal.</p> <p>(ii) Individual Proof of All Directors / Partners / Trustees should be self certified.</p>