

Introduction to the Anti Money Laundering Programme

SHCIL Services Ltd. (SSL) being an intermediary registered with Securities & Exchange Board of India as a Stock Broker is also governed by the provisions of Prevention of Money Laundering Act, 2002. In order to comply with the provisions of the PMLA, SSL has undertaken a program of Anti Money Laundering.

We take this opportunity to create awareness to our clients regarding the objectives of Anti Money Laundering program undertaken by the company.

The Prevention of Money Laundering Act, 2002 came into effect from 1st July 2005. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets. Generally, money laundering occurs in three stages. Cash first enters the financial system at the "placement" stage, where the cash generated from criminal activities is converted into monetary instrument, such as money orders or deposited into accounts at financial institutions. At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. At the "integration" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses.

Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal the origin or intended use of the funds, which will later be used for criminal purposes.

As per the provisions of the Act, besides other entities as defined therein, every intermediary (which includes a stock-broker & sub-broker and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992) shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA. Such transactions include:

- All cash transactions of the value of more than Rs.10 lacs or its equivalent in foreign currency.
- All series of cash transactions integrally connected to each other which have been valued below Rs.10 lacs or its equivalent in foreign currency where such series of transactions take place within one calendar month.
- 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 Company.

In order to fulfill the aforesaid requirements, SHCIL Services Ltd., being a Stock Broker, has put in place a system for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to the law enforcement authorities.

Further, as per the policy adopted in view of the PMLA guidelines, SSL-

1. Does not accept/pay cash from/to clients.
2. Does not accept pay orders and demand drafts from clients.
3. Does not accept payment from any bank account that is not designated in Client Registration form as a Know Your Client (KYC) requirement by client.
4. Does not accept payment from an entity other than the client.
5. Makes payment only to the client and does not make payment to any third party on behalf of client or otherwise.
6. May call for additional information or details or documents to satisfy the KYC requirement from time to time.

SSL may send Suspicious Transaction Report to the appropriate law enforcement authorities if required.