

ACML CAPITAL MARKETS LIMITED

ANTI MONEY LAUNDERING POLICY

Reviewed: BM dated 29.08.2025

BACKGROUND:

The Prevention of Money Laundering Act, 2002 was notified on July 1, 2005. Subsequent to this, the Securities and Exchange Board of India (SEBI) has on 18th January 2006 (Circular Ref. No. ISD/CIR/RR/AML/1/06) required market intermediaries to adopt a policy framework with respect to Anti Money Laundering measures to be followed by the intermediaries. SEBI vide a Master Circular Ref. No. ISD/AML/CIR-1/2008 dated 19th December 2008 directed all registered intermediaries to ensure compliance with the requirements of the Anti Money Laundering (AML) Standards/ Combating Financing of Terrorism (CFT)/ Obligations of the Security Market Intermediaries under Prevention of Money Laundering Act 2002 and rules framed there-under. ACML is inter alia, a stock broker, a Depository Participant (DP), a registered intermediary with SEBI and needs to adhere to the same.

ACML has formulated a policy to comply with the SEBI circular (A copy of which is enclosed as Annexure I) and has been reviewed by the management from time to time. SEBI Master Circular 2024 superseded all previous AML CFT Guidelines including the Master Circular February 03, 2023. The said circular stipulates the guidelines for combating Money Laundering (ML) and Terrorist Financing (TF) and provides detailed procedural obligations to be followed and complied by the Registered Intermediaries.

Every transaction in the capital market involves Securities and Funds. ACML deals with the clients only through Authorised Persons. Under the PMLA requirements it is imperative to monitor sources of funds and securities provided to ACML by the clients. The income and net-worth of clients as reported to ACML and its comparison with their transaction value is essential under the extant guidelines of PMLA and SEBI. Therefore a policy under the requirement of regulatory framework is devised and implemented.

Objectives:

- To ensure that ACML meets legal and regulatory obligations, and that its staff is trained properly to adhere and comply with prevalent laid down requirements;
- To establish the process of internal control over clients' trading and Demat accounts and activities falling under the category of suspicious nature by identifying, monitoring and reporting to law enforcement authorities;
- To update all subsequent notifications issued by various regulatory authority/exchanges having relevance to the business of intermediary carried on by ACML.
- To ensure that the policy/procedures framed are implemented / applied effectively to prevent, detect and report Money Laundering (ML) and Terrorist Financing (TF) activities.

Definition of Money Laundering:

Section 3 of PMLA has defined the "offence of money laundering" as under:

"Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a 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".

Policies and Procedures to Combat Money Laundering and Terrorist Financing

Essential Principles: This policy is in compliance with the SEBI Master Circular no. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024 which stipulates the essential principles for combating ML and TF and provides detailed procedures and obligations to be followed and complied with by ACML and its branches/subsidiaries, wherever applicable in line with the specific nature of its business, organisational structure, type of clients and transaction, etc. to satisfy itself that the measures taken are adequate and appropriate by following the spirit of the suggested measures and the requirements laid down in PMLA and Guidelines issued by Government of India from time to time.

Obligations to establish policies and procedures:

ACML (including the financial group as defined by SEBI) shall endeavour to comply with the obligation for establishing the policies and internal procedures that effectively serve to prevent and impede ML and TF including, the following:-

- a) policies and procedures for sharing information
- b) compliance, audit, AML/CFT functions of clients/customers, branches/subsidiaries
- c) Safeguarding confidentiality and use of information exchanged to prevent tipping-off.

Additionally, Senior Management of ACML 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 including;

- i. issuance a statement of policies and procedures and its implementation
- ii. SEBI/PMLA Directives are understood by staff members
- iii. regularly review the policies and procedures and the person reviewing the policy shall be different from the one who has framed it
- iv. adopt client acceptance policies and procedures
- v. Undertake Client Due Diligence measures depending on the risk involved for the different type of clients, business relationships or transactions.
- vi. To put in place a system for identifying, monitoring and reporting suspected ML or TF transactions
- vii. Develop staff members' awareness and vigilance to guard against ML and TF.

This policy and procedure shall endeavour to combat ML and TF and shall cover;

- i. Communication of group policies to all management and relevant staff;
- ii. Client acceptance policy and client due diligence measures, including requirements for proper identification;
- iii. Maintenance of records;
- iv. Compliance with relevant statutory and regulatory requirements;
- v. Co-operation with the relevant law enforcement authorities, including the timely disclosure of information;
- vi. Role of internal audit or compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF and,
- vii. The internal audit function, which shall be independent, adequately resourced and commensurate with the size of the business and operations, organization structure, number of clients and other such factors of ACML.

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Written Anti Money Laundering Procedures

ACML shall adopt written procedures to implement the anti-money laundering provisions as envisaged under the PMLA including the following four specific parameters related to the 'Client Due Diligence Process':

- i. Policy for acceptance of clients;
- ii. Procedure for identifying the clients;
- iii. Risk Management;
- iv. Monitoring of Transactions.

Client Due Diligence (CDD)

ACML shall undertake CDD process of a client referred to in clause (ha) of sub-section (1) of section 2 of the PMLA using reliable and independent sources of identification and that shall have regard to the money laundering and terrorist financing risks and the size of the business and shall include policies, controls and procedures, approved by the senior management.

ACML CDD measures shall comprise of the following steps:

1. Obtaining sufficient information in order to identify persons who beneficially own or control the securities account, including a party other than the client by using reliable and independent client identification and verification procedures;
2. Identifying the clients and verifying its identity using reliable and independent sources of identification, as well as obtaining information on the purpose and intended nature of the business relationship.
3. Verifying the client's identity using reliable, independent source documents, data or information. Where the client is an authorised person act on behalf of juridical person or individual or trust, ACML shall verify the identity of such person; provided that in case of a Trust, ACML shall ensure that trustees disclose their status at the time of commencement of an account based relationship.
4. ACML shall endeavour to identify beneficial ownership and control i.e. determine which individual ultimately own or control the client and/or the person on whose behalf a transaction is being conducted. ACML shall be guided by the SEBI Directives as per the Master Circular dated June 06, 2024 as aforesaid for the purpose of beneficial owner identification and control in case of a company, partnership firm, as well as an unincorporated association or body of individuals, trust and where no natural person is identified in case of company, partnership firm or unincorporated association or body of individuals the beneficial owner is the relevant natural person who holds the position of senior managing official.

It will not be necessary for ACML to identify and verify the identity of any shareholder or beneficial owner where the client entities are listed on a stock exchange in India, or resident in jurisdictions notified by the Central Government as detailed by the SEBI in the aforesaid Master Circular.

In case of foreign investors identification of beneficial ownership shall be undertaken with the guidance of SEBI Master Circular SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022 and amendments thereto, if any.

ACML shall extend the support to the exchanges and depositories for monitoring purpose of the compliance provision on identification of beneficial ownership through half yearly internal audits.

5. Verifying 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 authorized person as aforesaid in point 3.
6. Understand the nature of business, ownership and control structure of the client
7. ACML shall endeavour to conduct ongoing due diligence and scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with ACML knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds
8. ACML shall review the due diligence measures including verifying again the identity of the client, obtaining information 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.
9. ACML shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process to keep it up-to-date and relevant, particularly for high risk clients.
10. ACML shall register the details of a client, in case of client being a non-profit organisation, on the DARPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for a period of five years after the business relationship between a client and the ACML has ended or the account has been closed, whichever is later.
11. ACML, if it is suspicious about the transactions relate to ML or TF and reasonably believes that performing the CDD process will tip-off the client, it shall not pursue the CDD process, and instead file a STR with FIU-IND.
12. ACML shall not undertake any transaction or account-based relationship without following the CDD procedure.

Policy for acceptance of clients:

Client acceptance policies and procedures shall aim to identify the types of clients that are likely to pose a higher than average risk of ML or TF and will be in a better position to apply client due diligence on a risk sensitive basis depending on the type of client business relationship or transaction. The following safeguards are to be followed while accepting the clients;

- i. ACML 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;
- ii. ACML shall clearly define factors of risk perception (in terms of monitoring suspicious transactions) of the client, having regard to clients' location/address, nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. ACML shall classify the clients into low, medium and high risk and also special category clients which require higher degree of due diligence and regular update of Know Your Client (KYC);
- iii. Enhanced due diligence measures shall be applicable for Clients of Special Category (CSC) including:
 - a. Non - resident clients;
 - b. High net-worth clients;
 - c. Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations;
 - d. Companies having close family shareholdings or beneficial ownership;

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- e. Politically Exposed Persons" (PEPs). PEP shall have the same meaning as given in clause (db) of sub-rule (1) of rule 2 of the PML Rules. The additional norms applicable to PEP as contained in the SEBI master circular shall also be applied to the accounts of the family members or close relatives / associates of PEPs.
- f. Clients in high risk countries. ACML shall independently access and consider other publicly available information alongwith any other information which may have access to, while dealing with clients from or situated 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 suspected, registered intermediaries 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. ACML shall specifically apply Extra Due Diligence (EDD) measures, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF;
- g. In case of Non face to face clients ACML shall undertake Video based customer identification process that shall be treated as face-to-face onboarding of clients;
- h. Clients with dubious reputation as per public information available etc.
- i. Companies offering foreign exchange offerings
- Apart from above, ACML shall exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not.
- iv. ACML shall seek/collect the documentation and other information 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.
- v. ACML shall not open an account where it is unable to apply appropriate CDD measures like it is impossible to ascertain the identity of the client, information provided is suspected to be non - genuine or non - co-operation of the client. ACML 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 and shall be cautious to ensure that it does not return securities or money that may be from suspicious trades. ACML shall however, consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.
- vi. ACML shall clearly specify the circumstances for the client who is permitted to act on behalf of another person / entity like the manner the account operation, transaction limits, seeking 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 ACML, 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.
- vii. ACML shall put in place necessary checks and balances before opening an account of a client so as to ensure that the identity of such client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.
- viii. ACML shall revisit the CDD process when there are suspicions of ML/TF.

Client Identification Procedure (CIP):

ACML shall have clearly spelled out the client identification procedure (CIP) to be carried out at different stages as under in its KYC policy i.e.:-

- ✓ while establishing the intermediary – client relationship i.e. at the stage of account opening process
- ✓ while carrying out any transactions (monetary or non-monetary) for the client or
- ✓ when the intermediary has doubts regarding the veracity or the adequacy of previously obtained client identification data.

While putting in place CIP, ACML shall comply with the following;

- i. Proactive appropriate risk management systems shall be in place so as to determine whether client or potential client or the beneficial owner of such client is a politically exposed person and seek relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPs.
- ii. Senior management approval is necessary for establishing business relationships with PEPs. In case a client or BO is subsequently found to be or becomes a PEP, senior management approval is also necessary to conclude business relationship.
- iii. ACML shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.
- iv. ACML shall use reliable sources including documents / information for client identification or obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
- v. ACML shall endeavour to collect or receive an adequate and enough information to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed in compliance with the directives. Each original document shall be seen by ACML prior to acceptance of a copy.
- vi. ACML shall take note of the situation/circumstances where prospective clients fail to provide satisfactory evidence of identity and report to higher authority i.e. senior management

ACML shall have its own internal directives in dealing with the clients in line with the legal requirements as per the established practices and minimum KYC norms/requirements specified for certain classes by SEBI from time to time.

To follow underlying objective requirements of PMLA, SEBI Act and Regulations, directives and circular issued thereunder, ACML shall conduct Ongoing Due Diligence where it notices inconsistencies in the information provided so that ACML is aware of the clients on whose behalf it is dealing.

The CIP shall be in compliance with the requirements of the PML Rules Notification No. 9/2005 dated July 01, 2005 (as amended from time to time) in particularly 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 and such other additional requirements appropriate to enable in determining the true identity of clients. Further, there shall be no minimum investment threshold/ category-wise exemption available for carrying out CDD measures by ACML.

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

In order to undertake/carry-out CDD ACML may rely on Third party for the purpose of identification, verification of clients and to determine whether the client is acting on behalf of BO and to identify the BO and to verify the identity of the BO. It is noted here that 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.

ACML reliance on such third party 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 SEBI from time to time.

Risk Management

To establish the Risk Management system under the extant guidelines or provisions, ACML shall carry out or undertake Risk Based Approach as well as Risk assessment of the clients.

I. Risk based Approach:

ACML shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and shall have policies approved by the senior management, controls and procedures in this regard as well as monitor the implementation of the controls and enhance them if necessary.

ACML shall apply each of the CDD measures on a risk sensitive basis either higher or lower category clients more specifically described as per *Annexure II*. Keeping in mind the basic principle to adopt an enhanced CDD process for higher risk categories of clients and a simplified CDD process for lower risk categories of clients, ACML shall obtain the type and amount of identification information and documents necessarily depend upon the risk category of client, except that low risk based approach 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.

II. Risk Assessment:

ACML shall carry out risk assessment to identify, assess and take effective measures to mitigate its ML and TF risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc.

The risk assessment shall consider all the relevant risk factors shall be documented, updated regularly and made available to competent authorities and self-regulating bodies, as and when required.

ACML shall identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and existing products and shall ensure to undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and adoption of a risk based approach to manage and mitigate the risks.

ACML shall also take into account 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.

Monitoring of Transactions:

As a part of regular monitoring of transactions, ACML shall endeavour to understand the normal activity of clients to identify deviations in transactions / activities in order to ensure effectiveness AML procedures.

Special attention to all complex unusually large transactions / patterns which appear to have no economic purpose shall be given and internal threshold limits for each class of client accounts shall be specified in order to pay special attention to transactions which exceeds these limits. ACML shall undertake careful examination of all documents/office records /memorandums/clarifications sought pertaining to such transactions and shall record it's finding in writing. The records and related documents shall be available to auditors and also to SEBI/stock exchanges/FIU-IND/ other relevant Authorities, during audit, inspection or as and when required.

CDD measures shall also be applicable to existing clients on the basis of materiality and risk in line with the extent of monitoring of the various risk categories of clients for the purpose of conducting due diligence of clients.

ACML 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 the intermediary.

Functional department of ACML 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.

Suspicious Transaction Monitoring and Reporting:

ACML shall take appropriate steps to enable suspicious transactions are recognized and also have appropriate procedures for its reporting.

An illustrative list of transactions are given below, however whether a particular transaction is suspicious or not depends 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;

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- vi. Attempted transfer of investment proceeds to apparently unrelated third parties;
- vii. Unusual transactions by CSCs and businesses undertaken by offshore banks/financial services.

The concerned staff/department shall immediately notify any suspicious transaction to the Designated Director/ Principal Officer, in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, dealing with the client shall be continued 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.

ACML shall also report STR of the transactions (irrespective of the amount) which are abandoned or aborted by clients on being asked to give some details or to provide documents.

Clients under "CSC" category including clients of high risk countries and the countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards shall be subject to appropriate counter measures including 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.

Record Management:

Record management is a part of maintain of information in a prescribed manner as referred to in Rule 3 of PMLA Rules as well as keeping the records as per the requirements contained in relevant laws including SEBI Act, Rules 7 Regulations made thereunder, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Byelaws and Circulars.

ACML shall endeavour to 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. To enable the reconstructing a financial profile of the suspect account by the competent investigating authorities, ACML shall retain such information for the accounts of the clients in order to maintain a satisfactory audit trail including the following;

- 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.

ACML 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, ACML shall also 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.

ACML shall put in place a system of maintaining proper record of the nature and value of transactions prescribed under Rule 3 of PML Rules more specifically in respect of;

- i. all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
- ii. 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. For the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' shall also be considered.
- iii. 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;
- iv. 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 the registered intermediary.

The following illustrations would further explain the basic approach towards transaction monitoring in ACML:

1. Unusually large transactions / patterns which appear to have no economic purpose.
2. Off market transactions with other beneficiary account holders having no reasonable grounds.
3. Clients whose identity verification is difficult or clients that appear not to cooperate
4. Substantial increase in activity without apparent cause
5. Sudden activity in dormant account
6. Suspicious off market transactions
7. Large deals at prices away from the market
8. Large number of accounts having common parameters such as common partner/ directors/ addresses, email address, telephone number/ introducers or authorized signatories.
9. Unusual unique client code change activity with no proper justification in respect of market trades
10. Asset management services for clients where the source of the funds is not clear or not in keeping with clients apparent standing /business activity;
11. Clients based in high risk jurisdictions;

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12. Substantial increases in business without apparent cause;
13. Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
14. Attempted transfer of investment proceeds to apparently unrelated third parties;
15. 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.
16. All suspicious off market transactions other than those appearing in Depository alerts,

Pursuant to the SEBI Master Circular dated June 06, 2024 where ACML does not have records of the identity of its existing clients, it shall obtain the records forthwith, failing which ACML shall close the account of the clients after giving due notice to the client.

For this purpose, the expression "records of the identity of clients" shall include updated records of the identification date, account files and business correspondence and result of any analysis undertaken under Rules 3 and 9 of the PML Rules.

Retention of Records

ACML 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 ACML.

Under the CIP requirements as laid down in Rule 9 of the PML Rules and such other additional requirements ACML shall retain the records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence and maintain and preserve for a period of five years after the business relationship between a client and ACML has ended or the account has been closed, whichever is later.

Where the records relate to on-going investigations or transactions which are subject to suspicious transaction reporting, ACML shall retain the same until it is confirmed that the case has been closed.

ACML 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 ACML.

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

ACML shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) and amendments thereto, ACML shall 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).

For the aforesaid purpose, ACML shall be guided by Government of India procedure issued through an order dated February 02, 2021 and further amended vide a Gazette Notification dated June 08, 2021, Corrigendum's dated March 15, 2023 and April 22, 2024. ACML shall also refer to the list of Nodal Officers for UAPA as available on the website of MHA for the purpose of any assistance or necessary support.

Procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 – Directions to stock exchanges and registered intermediaries

SEBI Master Circular no. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024 has outlined the procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 and issued the directions in that regard. The said circular also referred to Government of India, Ministry of Finance order dated January 30, 2023 vide F. No. P-12011/14/2022-ES Cell-DOR which detailed the procedure for the implementation of section 12A of the WMD Act. ACML shall be guided by SEBI directions as referred to in the Master Circular so as to comply with the procedure laid down in the said order.

In a nutshell, ACML shall;

- I. Maintain the list of individuals/entities ("Designated List") and update it, without delay, in terms of paragraph 2.1 of the Order.
- II. verify if the particulars of the entities/individual, party to the financial transactions, match with the particulars of the Designated List and in case of match, ACML shall not carry out such transaction and shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer ("CNO"), without delay, addressing to: *The Director FIU-INDIA Tel.No.:011-23314458, 011-23314459 (FAX) Email: dir@fiuindia.gov.in.*
- III. Run a check, on the given parameters, at the time of establishing a relation with a client and on a periodic basis to verify whether individuals and entities in the Designated List are holding any funds, financial assets or economic resources or related services, in the form of bank accounts, stocks, insurance policies etc. In case, the clients' particulars match with the particulars of Designated List, ACML shall immediately inform the said full particulars to the CNO.
- IV. send a copy of the communication, mentioned hereinabove point II & III, without any delay through email (sebi_uapa@sebi.gov.in) or through post to the Nodal Officer of SEBI, Deputy General Manager, Division of FATF, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.
- V. Prevent such individual/entity from conducting financial transactions, under intimation to the CNO, without delay, in case there are reasons to believe beyond doubt that funds or assets held by a client would fall under the purview of Section 12A (2)(a) or Section 12A(2)(b) of the WMD Act.
- VI. File a Suspicious Transaction Report (STR) with the FIU-IND covering all transactions in the accounts, covered under point II & III as above, carried through or attempted through.

In case an order to freeze the assets under section 12A of the WMD Act is issued by the CNO and conveyed to ACML, 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.

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ACML shall also comply with the provisions regarding exemptions from the above orders of the CNO and inadvertent freezing of accounts, as may be applicable.

List of Designated Individuals/ Entities

ACML shall take note of list of individuals /entities declared by the Ministry of Home Affairs in pursuance of Section 35(1) of UAPA 1967 as "TERRORIST" and communicated by SEBI.

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 by ACML.

ACML shall have an access to an updated list of individuals and entities which are subject to various sanction measures as approved by the Security Council Committee pursuant to United Nations' Security Council Resolutions (UNSCRs) at its website at <https://press.un.org/en/content/press-release>, including the list of the "ISIL (Da'esh) & Al-Qaida Sanctions List" available at: <https://www.un.org/securitycouncil/sanctions/1267/press-releases>; and the list linked to Democratic People's Republic of Korea www.un.org/securitycouncil/sanctions/1718/press-releases.

ACML is directed to ensure that accounts are not opened in the name of anyone whose name appears in said list and Registered intermediaries 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.

ACML shall endeavour to 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.

ACML shall leverage latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements.

ACML 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 and that Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to the Central [designated] Nodal Officer for the UAPA, at Fax No.011-23092551 and/or any other appropriate mode of communication and conveyed over telephone No. 011-23092548 as well as by post and email id: jsctcr-mha@gov.in.

ACML shall also send a copy of the communication mentioned above to the UAPA Nodal Officer of the State/UT where the account is held and to SEBI and FIU-IND, without delay and also be sent to SEBI through post and through email (sebi_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI, Deputy General Manager, Division of FATF, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. ACML shall refer to the consolidated list of UAPA Nodal Officers as available at the website of Government of India, Ministry of Home Affairs.

Jurisdictions that do not or insufficiently apply the FATF Recommendations

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 ACML and shall also take into account the risks arising from the deficiencies in AML/CFT regime of the jurisdictions.

Reporting to Financial Intelligence Unit-India:

ACML shall report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address: Director, FIU-IND, Financial Intelligence Unit – India 6th Floor, Tower-2, Jeevan Bharati Building, Connaught Place, New Delhi-110001, INDIA. Telephone : 91-11-23314429, 23314459 91-11-23319793(Helpdesk)

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>.

Further, ACML shall also carefully go through all the reporting requirements (https://www.sebi.gov.in/sebi_data/commondocs/jun-2024/Brochures on FIU_p.pdf) and formats that are available on the website of FIU – IND under the Section Home - FINNET 2.0 – User Manuals and Guides -Reporting Format (https://www.sebi.gov.in/sebi_data/commondocs/jun-2024/Reporting Format p.pdf) which contain detailed directives on the compilation and manner/procedure of submission of the reports to FIU-IND.

ACML shall adhere to the following timelines for CTR, STR and NPOTR for reporting to FIU-IND;

- I. Cash Transaction Report (CTR) for each month by 15th of the succeeding month
- II. Suspicious Transaction Report (STR) 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.
- III. Non Profit Organization Transaction Reports (NTRs) by 15th of the succeeding month. "Non-profit organization" means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013).
- IV. The Principal Officer shall on being satisfied that the transaction is suspicious, furnish the information promptly in writing by fax or by electronic mail to the Director FIU-IND in respect of transactions referred to in clause (D) of sub-rule (1) of rule 3 of the PML Rules. 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. The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND and utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU-IND. Further, No NIL reporting needs to be made to FIU-IND in case there are no cash/suspicious/non-profit organization transactions to be reported;

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ACML, including its Directors, officers and all employees shall ensure that the fact of maintenance referred to in Rule 3 of PML Rules and furnishing of information to the Director is kept confidential. It is noted here that Confidentiality requirement does not inhibit information sharing among entities in the group.

Provided that nothing in this rule shall inhibit sharing of information under Rule 3A of PML Rules of any analysis of transactions and activities which appear unusual, if any such analysis has been done.

- V. ACML shall not put any restrictions on operations in the accounts where an STR has been made. ACML, its directors, officers and employees (permanent and temporary) are 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 will be ensured that there is no tipping off to the client at any level.
- Irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, ACML shall file STR if it has reasonable grounds to believe that the transactions involve proceeds of crime which includes property not only derived or obtained from the scheduled offence but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity relatable to the scheduled offence.

Designation of officers for ensuring compliance with provisions of PMLA:

Appointment of a Principal Officer: To ensure that ACML properly discharge its legal obligations to report suspicious transactions to the authorities, the Principal Officer 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. In terms of Rule 2 (f) of the PML Rules, the definition of a Principal Officer means, “An officer designated by a registered intermediary; Provided that such officer shall be an officer at the management level.”

Appointment of a Designated Director: In terms of Rule 2 (ba) of the PML Rules, ACML shall also designate a person as a 'Designated Director' as defined, to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules. Rule 2 (ba) also includes; The Managing Director or a Whole-Time Director duly authorized by the Board of Directors and such other person or class of persons as may be notified by the Government. ACML shall communicate the details of the Designated Director, such as, name designation and address to the Office of the Director, FIU – IND. It is also noted that in terms of Section 13 (2) of the PMLA, the Director, FIU – IND can take appropriate action, including levying monetary penalty, on the Designated Director for failure of the intermediary to comply with any of its AML/CFT obligations.

Hiring and Training of Employees and Investor Education

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

Training of Employees: ACML shall have an ongoing employee training programme so that the members of the staff are adequately trained in AML and CFT procedures with specific focuses for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new clients. All concerned staff shall fully understand the rationale behind these SEBI/PML directives, obligations and requirements, implement them consistently and are sensitive to the risks of systems being misused by unscrupulous elements.

Investor Education: Market Regulatory or governing authorities call for investor specific information which may be of personal nature including documents evidencing source of funds/income tax returns/bank records etc. and this can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information. Therefore, ACML shall sensitize its clients about the implementation of AML/CFT measures and prepare specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT programme.

Authorised Person Training, Awareness For Implementation Of Anti Money Laundering Policy:

ACML shall endeavour to ensure that all its Authorised Persons should adopt Anti-Money Laundering Policy and comply with the requirements and shall submit an undertaking for complying with PMLA requirements. The format of undertaking is attached as Annexure-III.

Repeal and Savings:

This policy and procedure to combat Money Laundering and Terrorist Financing is prepared in line with a SEBI Master Circular no. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024 and the various circulars listed out in the Appendix to the said circular have been rescinded by SEBI on and from the issue of the aforesaid circular mentioning that notwithstanding such rescission, anything done or any action taken or purported to have been done or taken, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular.

Review of the Policy:

The Board of Directors at their meeting held on 29.08.2025 amended the said policy, which stands in line with SEBI master circular no. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024 on Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under. As per the Master circular, from the issue of this Circular, the earlier circulars issued by SEBI on the subject of Anti-Money Laundering and Combating the Financing of Terrorism, listed out in the Appendix, shall stand rescinded.

Additionally, the concerned departments will also establish a system for smooth implementation of this policy, including; preparing a manual or an SOP, which will be an integral part of this policy.

The Board further mentioned that the policy is further subject to review, from time to time in line with regulatory requirements.

ANNEXURES:

Annexure I: SEBI Master Circular

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Annexure II:

RISK CATEGORISATION FOR ACCOUNTS IN THE NAME OF INDIVIDUALS

| Type | Recommended Risk Categorisation | Risk Perception |
|--|---|---|
| Salaried | Low risk | Source on income is fixed and pattern of entries in the account can be correlated with known sources of income/ expenditure. |
| Senior citizens | Medium / High Risk | Source of income for trading related purposes not known clearly. May be operated by third parties. Will be considered high risk in case operating in F&O |
| House-wife | Medium / High Risk | Source of income for trading related purposes not known clearly. May be operated by third parties. Will be considered high risk in case operating in F&O |
| Self Employed Professionals/ Businessmen | Low risk (except professionals associated with the film industry who will be categorized as "Medium" risk). | Accounts maintained by Chartered Accountants, Architects, Doctors, Lawyers, Sportsmen, etc. |
| Non Resident Individuals | Low / Medium risk | Transactions are regulated through Authorised Dealers and the accounts are opened only after IPV. In case an IPV is not performed and we have relied on documentation submitted by the client, the account would be categorised as medium risk. |
| Politically Exposed Persons resident outside India | High Risk | 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. Branches should gather sufficient information on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. Front end staff should verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. Such accounts should be subjected to enhance monitoring on an ongoing basis. The above norms should also be applied to the accounts of the family members and close relatives of PEPs. Further the company may maintain a list of additional accounts as "Designated PEP" The accounts of Politically Exposed Persons resident outside India shall be opened only after obtaining the approval of Business Head. Further, in the event of an existing customer or the beneficial owner of an account subsequently becoming PEP, Business head approval would be required to continue the business relationship and such accounts would be subjected to Customer Due Diligence measures as applicable to the customers of PEP category including enhanced monitoring on an ongoing basis. In such events the company shall be guided by the information provided by the clients or front end teams. |

NOTE: If any of the above accounts are operated by Power of Attorney (POA) holder/mandate holder, then the account will be categorized as "High Risk".

RISK CATEGORISATION FOR ACCOUNTS IN THE NAME OF NONINDIVIDUALS

Risk categorization of Non Individual customers can be done on the basis:

A. Type of Entity B. Industry; C. Country of Domicile

A. Type of Entity

| Type | Recommended Risk Categorisation | Risk Perception |
|---|---------------------------------|---|
| Private Ltd. /Public Ltd. Companies | Low / Medium / High risk | Depending on the clarity of the shareholding structure and the nature of operations, such companies would be classified. |
| Local Authorities or Public Bodies | Low Risk | These types of entities are governed by specific Acts, Notifications etc framed by the Government of India or the State Govt. and are controlled and run by the Govt. |
| Mutual Funds/Scheduled Commercial Banks/Insurance Companies/Financial | Low Risk | These entities are strictly regulated by their respective regulators. |

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| | | |
|----------------------------------|---|---|
| Institutions | | |
| Partnership Firm | Low / Medium / High risk | Depending on the clarity of the shareholding structure and the nature of operations, such entities would be classified. Such classifications shall be decided post the review of the Department Heads |
| Trusts – Public Charitable Trust | Medium / High Risk | Depending on the clarity of the beneficial ownership and the nature of operations, such entities would be classified. Such classifications shall be decided post the review of the Department Heads |
| Hindu Undivided Family (HUF) | Medium Risk | These are unregistered bodies and the pattern of entries in the account may not be correlated with known sources of income/ expenditure. |
| Societies / Associations /Clubs | High Risk (except 'Housing Societies' which will be categorized as "Low" risk). | These are not highly regulated entities and the pattern of entries in the account may not be correlated with known sources of income/expenditure. |
| Trusts – Private Trust | High Risk | These may be unregistered trusts and the pattern of entries in the account may not be correlated with known sources of income/ expenditure. |
| Co-operative Banks | High Risk | These are not highly regulated entities. |

B & C. Basis Industry and Country of Domicile

| Risk Category | Industry | Country of Domicile |
|---------------------|---|---------------------|
| High / Medium / Low | The Risk categorisation is dependent on industries which are inherently High Risk or may exhibit high cash intensity, as below: Arms Dealer Money Changer Exchange Houses Gems / Jewellery / Precious metals / Bullion dealers (including sub-dealers) Real Estate Agents Construction Offshore Corporation Art/antique dealers Restaurant /Bar /casino/night club Import/Export agents (traders; goods not used for own manufacturing /retailing) Share & Stock broker Finance Companies (NBFC) Transport Operators Auto dealers (used/ reconditioned vehicles /motorcycles) Scrap metal dealers Liquor distributorship Commodities middlemen Co-operative Banks Car/Boat/Plane dealerships/brokers Multi Level Marketing (MLM) Firms and All other industries | |

Notes:

- Higher Risk Categorization derived from either A or B or C shall be the applicable risk categorization for the account.
- Lowering of risk classification shall be carried out by the Compliance officer in consultation with the Department Heads. This shall be done only where adequate justifications can be provided and the same are mentioned along with the account opening form.
- Such justifications shall be reviewed 3 months from the date of account opening / first transaction in order to ensure that the classification is proper.

ANNEXURE – III

To:
The Principal Officer
ACML Capital Markets Ltd.
Ahmedabad

Dear Sir,

Sub: Undertaking of Compliance with PMLA requirements

I / We/ M/s., (Sole proprietor / firm / Corporate) / Exchange approved Authorised person of ACML Capital Markets Ltd. and is / are having our registered office at

We hereby declare/undertake to comply with the prescribed requirements as per Prevention of Money Laundering Act 2002 and the rules made thereunder and as amended thereafter.

We undertake to extend our fullest support and assistance to ACML Capital Markets Ltd. for complying with the requirement of the PML Act and directives of SEBI, Exchanges or Depositories and ACML Capital Markets Ltd.

We shall keep informed the any change in Principal Officer or Designated Officer / Director appointed for the purpose complying with the PMLA requirement.

Date:
Place:

For
(Sole proprietor/Firm/Corporate)

Signature-
Name & Designation