

GLOBALWORTH SECURITIES PVT. LTD.

PROCEDURES TO BE FOLLOWED FOR IMPLEMENTATION OF PROVISIONS OF PREVENTION OF MONEY LAUNDERING ACT, 2002 AND RULES FRAMED THEREUNDER.

OBJECT OF THE ACT AND RULES FRAMED.

The act and rules framed there under has been implemented pursuant to followings:-

1. Political declaration and global programme of action as annexed to resolution S-17/2 which was adopted by the General Assembly of the United Nations at its seventeenth special session held on the twenty-third day of February, 1990.
2. Political declaration adopted by the special session of the United Nations General Assembly held on September 8th to 10th June, 1998 calling upon Member States to adopt national money-laundering legislation and programme.

The objective of the act and rules framed there under is to set standards, develop and promote policies to combat money laundering and terrorist financing. The offence under the act and rules framed there under are punishable and it also empowers relevant authority with attachment and confiscation of proceeds of crime and or property so acquired.

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COMPANY GUIDELINES FOR ANTI MONEY LAUNDERING

RECORD TO BE MAINTAINED IN RESPECT OF CLIENTS DOMESTIC OR NRI/PIO/COMPANIES/FIRMS

- Cash transactions of the value more than Rs. 10 lakhs or its equivalent in foreign currency
 - All series of cash transaction integrally connected to each other which are below 10 lakhs or its equivalent in foreign currency in one month
- ❖ Policies and procedures
 - Policy of acceptance of clients
 - Procedure for identifying the clients
 - Suspicious transaction reporting and customer due diligence.
 - ❖ Policy and procedure of identifying /acceptance of clients
 1. The clients such as individuals, HUF's, Firms (registered or unregistered), Public Limited Companies, Private Limited Companies, Non Resident Indians and Persons of Indian Origin get registered as a client after strictly following Know Your Client formalities prescribed by SEBI / Exchanges in this regard.
 2. The highlights of the some of the guidelines in this regard are as under:
 - The company will not permit benami or fictitious accounts where the client is desirous of keeping his / its identity confidential or secret.
 - The company will not permit multiple client accounts with transposition of the names of the clients or in short forms.
 - The High Networth Clients account having average turnover of more than 5 crores per day (over a period of 3 months) will be specifically monitored and separate watch will be kept on the flow of funds, securities, the trail of funds etc.

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Risk Classification:

- **Low Risk:**
 - ❖ The clients having average daily transaction in a month for less than Rs 10 lakhs (reviewed on the basis of trades executed in immediate past 3 months).
 - ❖ Good corporate/HNI clients who have a respectable social and financial standing.
 - ❖ The clients who make payment on time and take delivery of shares.

- **Medium Risk:**
 - ❖ The clients having average daily transaction in a month in the range of Rs 10 lakhs to Rs 1 crore (reviewed on the basis of trades executed in immediate past 3 months)
 - ❖ Intra-day clients or speculative clients.

- **High Risk:**
 - ❖ The clients having average daily transaction in a month for more than Rs 1 crore (reviewed on the basis of trades executed in immediate past 3 months).
 - ❖ Frequency of trade.
 - ❖ Clients who have defaulted in the past, have suspicious background or do not have any financial status, etc.

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CUSTOMER IDENTIFICATION AND VERIFICATION

At the time of opening an account or executing any transaction with it, the firm will verify and maintain the record of identity and current address or addresses including permanent address or addresses of the client, the nature of business of the client and his financial status as under

Constitution of Client	Proof of Identity	Proof of Address	Others
Individual	PAN Card	Driving License, Bank Statement, Passport, Ration card etc.	N.A.
Company	PAN Card Certificate of incorporation Memorandum and Articles of Association Resolution of Board of Directors	Bank Statement	Proof of Identity of the Directors/Others authorized to trade on behalf of the firm
Partnership Firm	PAN Card Registration certificate Partnership deed	As above	Proof of Identity of the Partners/Others authorized to trade on behalf of the firm
Trust	PAN Card Registration certificate Trust deed	As above	Proof of Identity of the Trustees/ others authorized to trade on behalf of the trust
AOP/ BOI	PAN Card Resolution of the managing body Documents to collectively establish the legal existence of such an AOP/ BOI	As above	Proof of Identity of the Persons authorized to trade on behalf of the AOP/ BOI

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CHECKLIST FOR THE ACCOUNTS DEPARTMENT/ BACK OFFICE : -

1. Master in Back office software should be updated immediately.
2. Client Code should be written down on form once account is opened and UCC uploaded to exchange.
3. Each clients account should be updated on regular basis regarding address, bank detail, demat detail and financial information.
4. Updated the back office system time to time as per the Exchange and SEBI circulars about compliance.
5. Check the direct deposits made by clients in bank.
6. Demand Draft collected by clients should be accompanied by the letter from the banker.
7. Third party cheques are not permitted
8. Transfer of securities to / from third party demat accounts is not permitted.

CHECKLIST FOR THE DEALERS : -

1. Keeps vigilant view about all the sauda's done by their respective clients.
2. Do not attend the order which are not given directly by the clients (unless the proper authorization is given by clients to the other person to handle his account)