BCB BROKERAGE PRIVATE LIMITED (BBPL)
POLICIES AND PROCEDURE FOR COMBATING MONEY LAUNDERING (ML OR TERRORIST FINANCING (TF)
(Issued as per the requirements of the PMLA Act 2005)
Version 14.0

In compliance with:
- *The Prevention of Money Laundering Act 2005 (PMLA) as modified and rules thereof*
- *Securities and exchange Board of India (SEBI) Circular and Directives including Master Circular ref. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024 as modified/ updated*
- *Instructions of Market Infrastructure Institutions (MIIs) and other regulatory authorities from time to time*

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1. Background

BCB Brokerage Private Limited (BBPL) is a SEBI Registered Intermediary registered as a Stock Broker, a Depository Participant and Merchant Banker. As BBPL deals with clients, BBPL is a Reporting Entity under the PMLA Act and has reporting obligations. Accordingly, this policy has been prepared.

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. It is BBPL's policy to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities.

This policy is applicable to all the companies which would be a Reporting Entity group company of BBPL (Group).

2. Principal Officer and Designated Director

- **Principal Officer** *[Pursuant to clause 76 of the SEBI Master Circular dated 19-Jun-2024]*:
  Shri Uttam Bagri – Director of BBPL, shall continue to be designated as the Principal Officer (PO) and Money Laundering Control Officer with full responsibility for the Group's Anti Money Laundering (AML) program. Shri Uttam Bagri have been designated as the PO of BBPL in its Board meeting dated 10-Feb-2006

  PO will 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

- **Designated Director** *[Pursuant to clause 77 of the SEBI Master Circular dated 19-Jun-2024]*:
  Shri Bharat Bagri shall continue to be designated as the Designated Director (DD). DD will ensure overall compliance with the obligations imposed under chapter IV of the PMLA and the Rules made thereunder.

- **Communication to FIU** *[Pursuant to clause 79 of the SEBI Master Circular dated 19-Jun-2024]*:
  BBPL has communicated the details of the PO and DD as under:
  - The details of appointment of Shri Uttam Bagri as PO has been intimated to the FIU vide BBPL letter dated 16-Feb-2006
  - The details of appointment of Shri Bharat Bagri as DD has been intimated to the FIU vide BBPL letter dated 07-June-2014
  - The information has also been uploaded on the FIU electronic portal

The names, designation and addresses (including email addresses) of PO and DD, including any changes therein shall also be intimated to the Office of the Director-FIU from time to time in the manner specified.

3. **<u>Client Due Diligence (CDD)</u>** *<u>[Pursuant to clause 14 to 17 of the SEBI Master Circular dated 19-Jun-2024]:</u>*
Client Due Diligence is an integral part of this policy. CDD shall have regard to the money laundering and terrorist financing risks and the size of the business to enable BBPL to manage and mitigate the risk that have been identified either by BBPL or through national risk assessment. The CDD measures of BBPL will comprise the following:

a. BBPL will obtain 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.
*(**<u>Beneficial owner</u>** 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)*

b. BBPL will identify the client, verify the client's identity using reliable, independent source documents, data or information. Where the client purports to act on behalf of juridical person or individual or trust, BBPL shall verify that any person purporting to act on behalf of such client is so authorized and verify the identity of that person. Provided that in case of a Trust, BBPL shall ensure that trustees disclose their status at the time of commencement of an account based relationship.

Furnishing of Permanent Account Numbers issued by the Indian Income Tax Department will be compulsory for all customers. The same will be independently verified with the Income Tax database using the credentials provided by Protean eGov Technologies Ltd (formerly e-Governance Infrastructure Limited) and other entities to BBPL.

c. BBPL will identify 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. The beneficial owner shall be determined as under-

i. <u>For client which is a company</u>
Where the client is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.
*(**Explanation**:- For the purpose of this sub-clause:-*
*i. "**<u>Controlling ownership interest</u>**" means ownership of or entitlement to more than 10% of shares or capital or profits of the company;*
*ii. "**<u>Control</u>**" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;)*

ii. <u>For client which is a partnership firm</u>
Where the client is a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of/ entitlement to more than **10%** of capital or profits of the partnership or who exercises control through other means.
*(**Explanation**:- For the purpose of this clause:- "**Control**" shall include the right to control the management or policy decision;)*

iii. <u>For client which is an unincorporated association or body of individuals</u>

Where the client is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than **15%** of the property or capital or profits of such association or body of individuals;
Where no natural person is identified under (i) or (ii) or (iii) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

iv. **For client which is a trust**
Where the client is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with **10%** 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.

v. **Exemption in case of listed companies**
Where the client or the owner of the controlling interest is an entity listed on a stock exchange in India, or it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions notified by the Central Government, or it is a subsidiary of such listed entities, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.

vi. **Applicability for foreign investors**
For dealing with foreign investors, BBPL will be guided by SEBI Master circular SEBI/HO/AFD-2/CIR/P/2022/175 dated 19th December, 2022 and amendments thereto, if any, for the purpose of identification of beneficial ownership of the client

The aforementioned provision on identification of beneficial ownership shall be monitored by the Board of BBPL as part of the Annual Review

d. BBPL will 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 (c).
e. BBPL will understand the ownership and control structure of the client.
f. BBPL will 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 BBPL's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds; and
g. BBPL 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
h. BBPL will periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process such that the information or data collected under client due diligence is kept up-to-date and relevant, particularly for high risk clients.
i. BBPL 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 registered intermediary has ended or the account has been closed, whichever is later
j. Where BBPL is suspicious that transactions relate to money laundering or terrorist financing, and reasonably believes that performing the CDD process will tip-off the client, the registered intermediary shall not pursue the CDD process, and shall instead file a STR with FIU-IND

No transaction or account-based relationship shall be undertaken without following the CDD procedure

There are three specific parameters which are related to the overall 'Client Due Diligence Process:
a) Policy for acceptance of clients
b) Procedure for identifying the clients
c) Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR).

The same are explained herein below:

3a. Policy for acceptance of clients *[Pursuant to clause 18 of the SEBI Master Circular dated 19-Jun-2024]***:**
BBPL has developed the following 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. By establishing such policies and procedures, BBPL 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 followed while accepting the clients:

i. No account is opened in fictitious names or account on behalf of other persons whose identity has not been disclosed or cannot be verified
ii. The following factors of risk perception are prepared. These parameters shall enable classification of clients into low, medium and high risk.

Table: Factors of Risk Perception

Factors	Low Risk	Medium Risk	High Risk
Clients' location (registered office address, correspondence addresses and other addresses if applicable)	Located only in India	Partly located outside India	Totally outside India
Nature of business activity	No international activities	Few international activities	Significant International activities
Trading turnover etc.	Average Margin utilization less than 50% of Networth	Average Margin utilization between 50% to 100% of Networth	Average Margin utilization more than 100% of declared Networth
Manner of making payment for transactions undertaken.	Payment made though Indian Banking channels	Part payment made though foreign remittances Banking	All payments made though foreign remittances Banking
PEP Status	Not PEP	Not PEP	PEP
Comments of dealers/ dealing officials	Dealers / Authorized Persons may recommend moving the client to higher category of risk based on their individual experiences		

Clients of special category will be categorized as high risk, and may, if deemed necessary by PO, may be classified even higher. Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile.

"Clients of special category (CSC)" *shall include the following:*

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
e)"Politically Exposed Persons" (PEPs) *shall have the same meaning as given in clause (db) of sub-rule (1) of rule 2 of the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005. The additional norms applicable to PEP as*

contained in the subsequent paragraph 14 of the 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. 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, BBPL apart from being guided by the Financial Action task Force (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 BBPL 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.) BBPL shall specifically apply EDD measures, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) form countries for which this is called for by the FATF.
g)Non face to face clients - clients who open accounts without visiting the branch/offices of the registered intermediaries or meeting the officials of the registered intermediaries. Video based customer identification process is treated as face-to-face onboarding of clients;)
h)Clients with dubious reputation as per public information available etc.

The above mentioned list is only illustrative and PO shall exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not. All CSC will be designated as high risk.

iii. 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, BBPL shall apply each of the client due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that the BBPL 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 BBPL shall obtain necessarily depend on the risk category of a particular client.

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

The following documentation and other information will be collected by BBPL 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.

Client Type	**Documentation to be collected (Enhanced Due Diligence Measures)**
For all clients	Minimum requirements as per KRA/ CKYC
For low risk clients	No additional requirements
For Medium risk clients	Supporting documents for financial position
For High risk clients	Annual Updation of financial details + Supporting documents for financial position* + Signoff from PO

* No additional documents will not be required for Non-Resident Individuals (NRIs) investing under the Portfolio Investment Scheme of the Reserve Bank of India

iv. BBPL will ensure that an account is not opened where BBPL is unable to apply appropriate CDD measures/ KYC policies. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to BBPL is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. BBPL shall not continue to do business with such a person and file a suspicious activity report. BBPL shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. BBPL shall be cautious to ensure that it does not return securities/ money that may be from suspicious trades. BBPL will consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.

v. The circumstances under which the client is permitted to act on behalf of another person / entity is clearly laid down as under: (for non-internet based trading cases):

- For HUFs - Karta
- For non-individuals other than HUF - As per the resolution
- For individuals - As authorized by the individual and individual himself

Circumstances	**BBPL policy**
Manner the account shall be operated	As per authorization
Transaction limits for the operation	As per authorization
Additional authority required for transactions exceeding a specified quantity/value	If the margins on the trade is more than 50% of the declared Networth, direct confirmation from the clients will be taken
Other appropriate details	As decided by PO from time to time

Further the rights and responsibilities of both the persons i.e. the agent- client registered with BBPL, 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.

vi. BBPL will put in necessary checks and balance 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 other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.

vii. The CDD process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).

3b. Client identification procedure (CIP) *[Pursuant to clause 19 to 23 of the SEBI Master Circular dated 19-Jun-2024]*:

BBPL's KYC policy clearly spells out the CIP to be carried out at different stages i.e. while establishing the intermediary – client relationship, while carrying out transactions for the client or when BBPL has doubts regarding the veracity or the adequacy of previously obtained client identification data, as under:

Stage	**CIP**
Establishing the intermediary – client relationship	Verification with Income Tax database Document verified against originals Collection of documents per the requirements of the PML Rules Notification No. 9/2005 dated 01-Jul-2005
While carrying out transactions for the client	Dealers will ensure that orders are placed by the clients/ persons authorized by the clients only
When BBPL has doubts regarding the veracity or the adequacy of previously obtained client identification data	Telephonic calls with the clients

BBPL will be in compliance with the following requirements while putting in place the CIP:

i. BBPL will 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. Further, the enhanced CDD measures as outlined in this policy shall also be applicable where the beneficial owner of a client is a PEPs.
ii. Officers/ Employees of BBPL are required to obtain approval from one of the Directors 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, BBPL shall obtain Director's approval to continue the business relationship.
iii. BBPL shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP by asking for relevant financial documents.
iv. The client shall be identified by BBPL by using reliable sources including documents / information. BBPL shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
v. The information must be adequate enough to satisfy competent authorities (regulatory/ enforcement authorities) in future that due diligence was observed by BBPL in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.
vi. Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to Director

SEBI has prescribed the minimum requirements relating to KYC for certain classes of registered intermediaries from time to time. Taking into account the basic principles enshrined in the KYC norms which have already been prescribed or which may be prescribed by SEBI from time to time, BBPL has framed the above internal directives of CIP based on experience in dealing with their clients and legal requirements as per the established practices

BBPL 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 BBPL is aware of the clients on whose behalf it is dealing.

Irrespective of the amount of investment made by clients, no minimum threshold or exemption is available to BBPL 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 BBPL.

Reliance on third party for carrying out Client Due Diligence (CDD) *[Pursuant to clause 24 to 25 of the SEBI Master Circular dated 19-Jun-2024]***:**
Apart from the KRAs and CKYC databases, BBPL ***will not rely on a third party*** for the purpose of

a. identification and verification of the identity of a client and
b. 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.

It is clarified that Exchange Registered Authorized Persons (including their employees) of BBPL are not third party and are permitted to undertake activities permitted by SEBI like in-person verification, etc.

The above is 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. Further, it is clarified that BBPL shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

3c. Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR) *[Pursuant to clause 33 to 37 of the SEBI Master Circular dated 19-Jun-2024]***:**

Regular monitoring of transactions is vital for ensuring effectiveness of the AML procedures. This is possible only BBPL has an understanding of the normal activity of the client so that it can identify deviations in transactions / activities.

BBPL shall pay special attention to all complex unusually large transactions / patterns which appear to have no economic purpose. BBPL has specified the following internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits.

Class of client account	Internal Threshold
Low risk	Margin dues more than Rs. 5 crore
Medium Risk	Margin dues more than Rs. 3 crore
High Risk	Margin dues more than Rs. 1 crore

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/FIUIND/ other relevant Authorities, during audit, inspection or as and when required. These records are required to be maintained and preserved for a period of **5(five)** years or any extended time that the law may in force require (e.g. 8 years as per Depository requirements, etc.), from the date of transaction between the client and BBPL.

BBPL 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.

BBPL 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 PO.

The compliance cell of BBPL 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.

4. **Risk-based Approach** *[Pursuant to clause 26 to 28 of the SEBI Master Circular dated 19-Jun-2024]***:**
   BBPL shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk as per its Risk Management policy. Further, BBPL shall monitor the implementation of the controls and enhance them if necessary.

   BBPL shall apply each of the client due diligence measures on a risk sensitive basis. An enhanced client due diligence process for higher risk categories of clients and simplified client due diligence process for lower risk categories of clients. In line with the risk-based approach, the type and amount of identification information and documents that BBPL shall obtain necessarily depend on the risk category of a particular client.

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.

5. **Risk Assessment** *[Pursuant to clause 29 to 32 of the SEBI Master Circular dated 19-Jun-2024]*:
   a. BBPL shall also carry out annual 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.

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

   c. BBPL 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. The Stock Exchanges and registered intermediaries shall ensure:
      i. To undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and
      ii. Adoption of a risk based approach to manage and mitigate the risks

   d. 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 (these can be accessed at the URL https://main.un.org/securitycouncil/en/content/un-sc-consolidated-list

6. **Record Keeping** *[Pursuant to clause 44 to 49 of the SEBI Master Circular dated 19-Jun-2024]*:
   BBPL will 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.

   BBPL 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.

   Should there be any suspected drug related or other 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, BBPL 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.

   BBPL will 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, they 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.

More specifically, BBPL will put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:

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;
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.
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 BBPL.

Where BBPL does not have records of the identity of its existing clients, it shall obtain the records forthwith, failing which BBPL shall close the account of the clients after giving due notice to the client.
Explanation: *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 Prevention of Money-laundering (Maintenance of Records) Rules, 2005*

7. Information to be maintained *[Pursuant to clause 43 of the SEBI Master Circular dated 19-Jun-2024]*:

BBPL is required to maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

a. the nature of the transactions;
b. the amount of the transaction and the currency in which it is denominated;
c. the date on which the transaction was conducted; and
d. the parties to the transaction.

8. Retention of Records *[Pursuant to clause 50 to 53 of the SEBI Master Circular dated 19-Jun-2024]*:

BBPL will 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 **5 (Five)** years or any extended time that the law may in force require (e.g. 8 years as per Depository requirements, etc.), from the date of transactions between the client and BBPL.

BBPL is required to 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 **5 (Five)** years or any extended time that the law may in force require (e.g. 8 years as per Depository requirements, etc.), from the date of transactions between the client and BBPL.

Thus, the following document retention terms shall be observed:

a. All necessary records on transactions, both domestic and international, shall be maintained at least for the minimum period prescribed under the relevant Act and Rules (PMLA and rules framed thereunder as well SEBI Act) and other legislations, Regulations or exchange bye-laws or circulars or **5 (Five)** years or any extended time that the law may in force require, whichever is later (e.g. 8 years as per Depository requirements, etc.)

b. BBPL shall maintain and preserve the records of documents evidencing the identity of its clients and beneficial owners (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents) as well as account files and business correspondence for a period of **5 (Five)** years or any extended time that the law may in force require (e.g. 8 years as per Depository requirements, etc.), from the date of transactions between the client and BBPL.

c. BBPL as per Regulations 54 and 66 of the SEBI (Depositories and Participants) Regulations, 2018" & SEBI/HO/MRD2/DDAP/CIR/P/2020/153 dated August 18th, 2020 all 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 **8(eight) year**s after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.

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.

BBPL 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 **5 (Five)** years or any extended time that the law may in force require (e.g. 8 years as per Depository requirements, etc.), from the date of transactions between the client and BBPL.

9. Suspicious Transaction Monitoring and Reporting *[Pursuant to clause 38 to 42 of the SEBI Master Circular dated 19-Jun-2024]***:**

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

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 and will be decided by the PO:

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, businesses reported to be in the nature of export- import of small items.

Any suspicious transaction shall be immediately notified to the PO. 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 PO 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.

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

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'. 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.

10. List of Designated Individuals/ Entities *[Pursuant to clause 62 to 70 of the SEBI Master Circular dated 19-Jun-2024]***:**

BBPL shall, as and when communicated by SEBI, take note of the list of individuals/entities who are designated as 'Terrorists' by Ministry of Home Affairs, in pursuance of Section 35(1) of UAPA 1967

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.

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) can be accessed at its website https://press.un.org/en/content/press-release. The details of the lists are as under:

i. The "ISIL (Da'esh) & Al-Qaida Sanctions List", which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at:https://www.un.org/securitycouncil/sanctions/1267/press-releases
ii. The list issued by United Security Council Resolutions 1718 of designated Individuals and Entities linked to Democratic People's Republic of Korea www.un.org/securitycouncil/sanctions/1718/press-releases

BBPL will ensure that accounts are not opened in the name of anyone whose name appears in said list. BBPL 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. Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to SEBI and FIUIND.

BBPL 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

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

BBPL 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

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 also conveyed over telephone No. 011-23092548. The particulars apart from being sent by post shall necessarily be conveyed on email id: jsctcr-mha@gov.in.

BBPL shall also send a copy of the communication mentioned above to the UAPA Nodal Officer (as available at the website of Government of India, Ministry of Home Affairs) of the State/UT where the account is held and to SEBI and FIU-IND, without delay. The communication shall 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

11. **Jurisdictions that do not or insufficiently apply the FATF Recommendations** *[Pursuant to clause 71 to 72 of the SEBI Master Circular dated 19-Jun-2024]***:**
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 BBPL.

BBPL 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.

12. **Reporting to Financial Intelligence Unit-India** *[Pursuant to clause 73 to 75 of the SEBI Master Circular dated 19-Jun-2024]***:**
In terms of the PML Rules, BBPL is required to 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 Bharat 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

BBPL shall 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 Obligation of Reporting Entity–Furnishing Information – Reporting Format (https://www.sebi.gov.in/sebi_data/commondocs/jun-2024/Reporting_Format_p.pdf).

These documents contain detailed directives on the compilation and manner/procedure of submission of the reports to FIU-IND.

The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents. While detailed instructions for filing all types of reports are given in the instructions part of the related formats, BBPL shall adhere to the following:

a. The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU-IND by ***15th of the succeeding month*.**
b. The Suspicious Transaction Report (STR) shall be submitted ***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. The PO 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.
c. The Non-Profit Organization Transaction Reports (NTRs) for each month shall be submitted to FIU-IND 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)]*
d. The PO will be responsible for timely submission of CTR, STR and NTR to FIU-IND;
e. Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIUIND.
f. No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/ non – profit organization transactions to be reported.
g. BBPL, 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. 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.

BBPL shall not put any restrictions on operations in the accounts where an STR has been made. BBPL and 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 shall be ensured that there is no tipping off to the client at any level

It is clarified that BBPL, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR if we have reasonable grounds to believe that the transactions involve proceeds of crime.

It is further clarified that "proceeds of crime" include 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.

Confidentiality requirement does not inhibit information sharing among entities in the group.

13. **Procedure for freezing of funds, financial assets or economic resources or related services** *[Pursuant to clause 54 to 55 of the SEBI Master Circular dated 19-Jun-2024]*

Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In this regard, BBPL will ensure that there are no 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).

Further, BBPL shall follow the requirements of the Central Government order dated 02-Feb-2021 amended vide notification dated 08-June-2021 read with corrigendum dated 15-Mar-2023 and 22-Apr--2024.

BBPL shall ensure strict and immediate compliance with the above at all times

14. **Procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 ("WMD Act")** *[Pursuant to clause 56 to 61 of the SEBI Master Circular dated 19-Jun-2024]:*

BBPL shall comply with the procedure laid down in the Government of India, Ministry of Finance order dated January 30, 2023 vide F. No. P-12011/14/2022-ES Cell-DOR ("the Order"). The Order may be accessed by clicking on DoR_Section_12A_WMD_p.pdf.

BBPL 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, BBPL 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. The details of the CNO are as under:

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, BBPL shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or insurance policies etc., held on their books to the CNO, without delay;

iv. send a copy of the communication, mentioned in paragraphs (ii) and (iii) above, without delay, to the Nodal Officer of SEBI. The communication shall be sent to SEBI through post and through email (sebi_uapa@sebi.gov.in) 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 paragraphs (ii) and (iii) above, carried through or attempted through.

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

15. Employees' Hiring/Employee's Training/ Investor Education *[Pursuant to clause 80 to 82 of the SEBI Master Circular dated 19-Jun-2024]:*

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

  Background check will be conducted for all employees hired from time to time in the form of personal interview with the PO and verification of all documents. BBPL will reach out to the previous employer for verification and background check.

- **Employees' Training:**
  BBPL will 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 will be objective to ensure 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.

- **Investors Education:**
  Implementation of AML/CFT measures requires BBPL 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 BBPL to sensitize its' clients about these requirements as the ones emanating from AML and CFT framework. BBPL shall prepare specific literature/ pamphlets etc., so as to educate the client of the objectives of the AML/CFT programme and put the same on its website.

16. Review and Internal Audit *[Pursuant to clause 11 & 12(vi) of the SEBI Master Circular dated 19-Jun-2024]*

The PMLA process will be audited as part of the Stock Exchange/ Depository related Internal Audit by independent external auditor.

It will be the role of the compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff, of their responsibilities in this regard.

BBPL shall regularly review the policies and procedures on the prevention of ML and TF to ensure their effectiveness. Further, in order to ensure the effectiveness of policies and procedures, the person doing such a review shall be different from the one who has framed such policies and procedures. This policy will be reviewed on an Annual basis

17. Alert Generation

PO will monitor all alerts provided by the Market Infrastructure Institutions (MIIs) line Stock Exchanges and Depositories on a daily basis. Apart from that, alerts generated by dealers, authorized persons and other client facing employees will also be checked.

18. Adoption *[Pursuant to clause 11 of the SEBI Master Circular dated 19-Jun-2024]*

This updated policy was reviewed and approved with necessary modifications, by the Board of Directors in its meeting held on 9th September, 2025.

For BCB Brokerage Private Limited

Sd/-
Uttam Bharat Bagri
Managing Director
DIN 01379841