

**Prevention of Money Laundering Policy Under Prevention of
Money Laundering Act, 2002**

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1. Background

Ckredence Wealth Management Private Limited (hereinafter referred to as “Ckredence Wealth” or “the Company”) is registered with SEBI as a Portfolio Manager under Registration No. INP000007164, dated February 26, 2021, and as a Registered Investment Advisor under Registration No. INA000020846, dated August 07, 2025.

2. Introduction

The Prevention of Money Laundering Act, 2002 (“PMLA”) and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 (Maintenance of Records Rules), as amended from time to time and notified by the Government of India, mandate every reporting entity [which includes intermediaries registered under section 12 of the Securities and Exchange Board of India Act, 1992 (SEBI Act) and stock exchanges], to adhere to client account opening procedures, maintain records and report such transactions as prescribed therein to the relevant authorities. The Maintenance of Records Rules, inter alia, empower SEBI to specify the information required to be maintained by the intermediaries and the procedure, manner, and form in which such information is to be maintained. It also mandates the reporting entities to evolve an internal mechanism having regard to any guidelines issued by the regulator for detecting the transactions specified in the Maintenance of Records Rules and for furnishing information thereof, in such form as may be directed by the regulator.

The Directives also guide on the practical implications of the Prevention of Money Laundering Act, 2002 (PMLA). The Directives also set out the steps that a registered intermediary or its representatives shall implement to discourage and identify any money laundering or terrorist financing activities.

SEBI has from time to time issued circulars/directives with regard to Know Your Client (KYC), Client Due Diligence (CDD), Anti-Money Laundering (AML), and Combating the Financing of Terrorism (CFT) specifying the minimum requirements. It is emphasized that Ckredence Wealth may, according to their requirements, specify additional disclosures to be made by clients to address concerns of money laundering and suspicious transactions undertaken by clients.

➤ **Prevention of Money Laundering Act, 2002**

Prevention of Money Laundering Act, 2002 (PMLA 2002) forms the core of the legal framework put in place by India to combat money laundering. PMLA 2002 and the Rules notified thereunder came into force with effect from July 1, 2005. The PMLA 2002 and Rules notified there under impose an obligation on intermediaries (including stock brokers and sub-brokers) to verify the identity of clients, maintain records, and furnish information to the Financial Intelligence Unit (FIU) – INDIA.

➤ Financial Intelligence Unit (FIU) – INDIA

The Government of India set up the Financial Intelligence Unit-India (FIU-IND) on November 18, 2004, as an independent body to report directly to the Economic Intelligence Council (EIC), headed by the finance minister. FIU-IND has been established as the central national agency responsible for receiving, processing, analyzing, and disseminating information relating to suspect financial transactions. FIU-IND is also responsible for coordinating and stretching efforts of national and international intelligence and enforcement agencies in pursuing the global efforts against money laundering and related crimes.

As per these SEBI guidelines, all intermediaries have been advised to ensure that proper policy frameworks are put in place as per the Guidelines on Anti Money Laundering Standards notified by SEBI.

3. Obligation under the Act

Credence Wealth should:

- Issue a statement of policies and procedures, on a group basis where applicable, for dealing with money laundering and terrorist financing, reflecting the current statutory and regulatory requirements.
- Ensure that the content of these directives is understood by all staff members.
- Regularly review the policies and procedures on the prevention of money laundering and terrorist financing to ensure their effectiveness. Further in order to ensure the efficacy of policies and procedures, the person doing such a review should be different from the one who has framed such policies and procedures.
- Adopt client acceptance policies and procedures that are sensitive to the risk of money Laundering and terrorist financing.
- Undertake customer due diligence ("CDD") measures to an extent that is sensitive to the risk of money laundering and terrorist financing, depending on the type of customer, business relationship, or transaction.
- Have a system in place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities.
- Develop staff members' awareness and vigilance to guard against money laundering and terrorist financing.

Policies and procedures to combat ML and TF shall cover

- Communication of group policies relating to prevention of ML and TF to all management and relevant staff that handle account information, securities transactions, money, and client records, etc., whether in branches, departments, or subsidiaries;
- Client acceptance policy and client due diligence measures, including.
- Maintenance of records
- Compliance with relevant statutory and regulatory requirements;
- Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and
- Role of internal audit or compliance officer 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.
- The internal audit function shall be independent, adequately resourced and commensurate with the size of the business and operations, organization structure, number of clients and other such factors.

4. Policies and Procedures to Combat Money Laundering and Terrorist Financing

4.1 Written Anti-Money Laundering Procedures

Ckredence Wealth shall adopt written procedures to implement the anti-money laundering provisions as envisaged under the PMLA. Such procedures shall include inter alia, the following four specific parameters which are related to the overall 'Client Due Diligence Process.

Creation of Team

- Appointment of Designated Director: Mr. Arvind Shah of the company has been appointed as the Designated Director of the company for PMLA-related activities, supervising the work of the Money Laundering team.
- Principal Officer means an officer designated by a registered intermediary, provided that such officer shall be an officer at the management level. Mr. Chirag Shah has been appointed as the Principal Officer. Mr. Chirag Shah, with his team, ensures that the provisions of PMLA, as specified in the Act, Rules, and various circulars/guidelines issued by the Regulators, are implemented.

4.2 Client Due Diligence

The Customer Due Diligence Process shall include three specific parameters:

- a. Policy for Acceptance of Clients
- b. Procedure for identifying the client's
- c. Risk Management
- d. Monitoring of Transactions

The CDD measures comprise the following:

- Obtaining sufficient information 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. The beneficial owner 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.
- Verify the client's identity using reliable, independent source documents, data, or information. Where the client purports to act on behalf of a juridical person or individual, or trust, the registered intermediary 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, the reporting entity shall ensure that trustees disclose their status at the time of commencement of an account-based relationship.
- Identifying beneficial ownership and control, i.e., determining 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-
 - a. **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 persons, has a controlling ownership interest or who exercises control through other means. **Explanation:** - For this sub-clause: -
 - ➔ "Controlling ownership interest" means ownership of or entitlement to more than ten per cent of shares or capital, or profits of the company;
 - ➔ "Control" shall include the right to appoint the 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;
 - b. **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 persons, has ownership of/ entitlement to more than ten percent of the 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;

- c. **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 fifteen per cent of the property or capital or profits of such association or body of individuals;
- d. where no natural person is identified under (a) or (b), or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;
- e. **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 ten per cent 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; and
- f. **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.
- g. **Applicability for foreign investors:** Ckredence Wealth dealing with foreign investors may be guided by SEBI Master Circular SEBI/HO/AFD- 2/CIR/P/2022/175 dated December 19, 2022, and amendments thereto, if any, for identification of beneficial ownership of the client;
- h. 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 (iii);
- i. Understand the ownership and control structure of the client;
- j. 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 the registered intermediary's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds;
- k. Ckredence Wealth 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
- l. Ckredence Wealth shall 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.

- m. Ckredence Wealth shall register the details of a client, in case of client being a non-profit organization, on the DARPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for five years after the business relationship between a client and the registered intermediary has ended or the account has been closed, whichever is later.
- n. Where a registered intermediary 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.
- o. No transaction or account-based relationship shall be undertaken without following the CDD procedure

Policy for Acceptance of Clients:

Ckredence Wealth never allows the opening of or keeps 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;

- Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined, having regard to clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover, etc., and manner of making payment for transactions undertaken. The parameters shall enable the classification of clients into low, medium, and high risk. Clients of special category (as given below) may, if necessary, be classified even higher; Such clients require a higher degree of due diligence and regular update of the Know Your Client (KYC) profile;
- Ckredence Wealth shall undertake enhanced due diligence measures as applicable for Clients of Special Category (CSC). CSC shall include the following:
 - a. Non-resident clients
 - b. High net-worth clients;
 - c. Trusts, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations;
 - d. Companies having close family shareholdings or beneficial ownership;
 - 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 Prevention of Money-Laundering (Maintenance of Records)

Rules, 2005. The additional norms applicable to PEPs 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, Ckredence Wealth 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.fatfgafi.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 Ckredence Wealth 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; The intermediary shall specifically apply 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. Non-face-to-face clients means clients who open accounts without visiting the branch/offices of Ckredence Wealth or meeting the officials of Ckredence Wealth. The 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 the intermediary shall exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not.

- Documentation requirements and other information to be collected 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.
- Ensure that an account is not opened where the intermediary is unable to apply appropriate CDD measures. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to the intermediary is suspected to be non-genuine, or there is perceived non-co-operation of the client in providing full and complete information. The registered intermediary 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. The registered intermediary shall be cautious to ensure that it does not return securities or money that may

be from suspicious trades. However, the registered intermediary shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.

- The circumstances under which the client is permitted to act on behalf of another person/entity shall be clearly laid down. It shall be specified in what manner the account shall be operated, transaction limits for the operation, 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 the intermediary, 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.
- Necessary checks and balances to be put into place before opening an account so as to ensure that the identity of the client does not match with any person having a known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide
- The CDD process shall necessarily be revisited when there are suspicions of ML/TF.

i. Client Identification Procedure (CIP)

The company shall follow the below-mentioned process for identification of clients:

- Ckredence Wealth shall 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.
- Ckredence Wealth is required to obtain senior management approval 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, Ckredence Wealth shall obtain senior management approval to continue the business relationship.
- Ckredence Wealth shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.
- The client shall be identified by the company by using reliable sources including documents/information. The intermediary shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
- The information must be adequate enough to satisfy competent authorities (regulatory /

enforcement authorities) in the future that due diligence was observed by the intermediary in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.

- Failure by the prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority within the intermediary.
- There shall be no minimum investment threshold/ category-wise exemption available for carrying out CDD measures by Ckredence Wealth. This shall be strictly implemented by all Ckredence Wealth, and non-compliance shall attract appropriate sanctions.

Further, the intermediary 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 the intermediary is aware of the clients on whose behalf it is dealing.

Every intermediary shall formulate and implement a CIP which shall incorporate the requirements of the PML Rules Notification No. 9/2005 dated July 01, 2005 (as amended from time to time), which notifies 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 of the banking companies, financial institutions and intermediaries of securities market and such other additional requirements that it considers appropriate to enable it to determine the true identity of its clients.

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

Ckredence Wealth may rely on a third party for the purpose of –

- Identification and verification of the identity of a client and 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. 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.

Such reliance 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. In terms of Rule 9(2) of PML Rules:

- The registered intermediary shall immediately obtain the necessary information for such client due diligence carried out by the third party.

- The registered intermediary shall take adequate steps to satisfy itself that copies of identification data and other relevant documentation relating to the client due diligence requirements will be made available from the third party upon request without delay;
- The registered intermediary shall be satisfied that such third party is regulated, supervised, or monitored for, and has measures in place for compliance with client due diligence and record-keeping requirements in line with the requirements and obligations under the Act.
- The third party is not based in a country or jurisdiction assessed as high risk;

ii. Risk Management

Risk-Based Approach

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, Ckredence Wealth shall apply each of the client due diligence measures on a risk-sensitive basis. The basic principle enshrined in this approach is that Ckredence Wealth 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 Ckredence Wealth 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

Risk Assessment

- Ckredence Wealth shall carry out 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.
- 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.
- The Stock Exchanges and registered intermediary 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 Ckredence Wealth shall ensure:

- To undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, and technologies, and Adoption of a risk-based approach to manage and mitigate the risks.
- 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.

Transaction Monitoring and Reporting, Especially Suspicious Transactions Reporting (STR)

- Regular monitoring of transactions is vital for ensuring the effectiveness of the AML procedures. This is possible only if the intermediary has an understanding of the normal activity of the client so that it can identify deviations in transactions/activities.
- The intermediary shall pay special attention to all complex unusually large transactions/patterns which appear to have no economic purpose. The intermediary may specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits. 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/FIU-IND/ other relevant Authorities, during audit, inspection or as and when required.
- Credence Wealth 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.
- The intermediary 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.
- Further, the compliance cell of the intermediary 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.

A list of circumstances that may be in the nature of suspicious transactions is given below.

- a. Clients whose identity verification seems difficult or clients who appear not to cooperate.
- b. Asset management services for clients where the source of the funds is not clear or not in

keeping with the clients' apparent standing /business activity.

- c. Clients based in high-risk jurisdictions;
 - d. Substantial increases in business without apparent cause;
 - e. Clients transferring large sums of money to or from overseas locations with instructions for payment in cash
 - f. Attempted transfer of investment proceeds to apparently unrelated third parties;
 - g. Unusual transactions by CSCs and businesses undertaken by offshore banks/financial services.
- Any suspicious transaction shall be immediately notified to the Designated/Principal Officer within the intermediary. 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.
 - 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 Ckredence Wealth shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.
 - Paragraph 12 (iii) (f) of this Circular 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'. Ckredence Wealth are directed that such clients shall also be subject to appropriate counter measures. These measures may include a further enhanced scrutiny of transactions, enhance relevant reporting mechanisms or systematic reporting of financial transactions, and apply enhanced due diligence while expanding business relationships with the identified country or persons in that country etc.

5. Reporting of Suspicious Transactions to FIU:

- All suspicious transactions will be reported to FIU. Members and their employees shall keep the fact of furnishing information in respect of transactions referred to in clause (D) Sub-rule (1) of rule 3 is strictly confidential.
- The background, including all documents/office records/memorandums/clarifications sought pertaining to such transactions and the purpose thereof, shall also be examined carefully, and findings shall be recorded in writing. Further such findings, records and related documents should be made available to auditors and also to SEBI /Stock Exchanges/FIU-IND/Other relevant Authorities, during audit, inspection or as and when required. These records are required to be preserved for five years as is required under PMLA 2002.
- The Principal Officer and related staff members shall have timely access to customer identification

data and other CDD information, transaction records and other relevant information. The Principal Officer shall have access to and be able to report to senior management above his/her next reporting level or the Board of Directors.

- In terms of the PML Rules, Ckredence Wealth are 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 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>.
- Ckredence Wealth shall adhere to the following:
 - The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU-IND by the 15th of the succeeding month.
 - 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 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 Non-Profit Organization Transaction Reports (NTRs) for each shall be submitted to FIU-IND by the 15th of the succeeding month.
 - The Principal Officer will be responsible for the timely submission of CTR, STR, and NTR to FIU-IND.
 - Utmost confidentiality shall be maintained in the filing of CTR, STR, and NTR to FIU-IND.
 - No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/non-profit organization transactions to be reported.
 - Non-profit organization" means any entity or organization, 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). Ckredence Wealth shall not put any restrictions on operations in the accounts where an STR has been made. Ckredence Wealth and their directors, officers, and employees (permanent and temporary) shall be prohibited from disclosing ("tipping off") the fact that a STR or related information is being reported or provided to the FIU-IND.

6. Record Management

Information to be maintained

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

- The nature of the transactions.
 - a. The amount of the transaction and the currency in which it is denominated;
 - b. the date on which the transaction was conducted; and
 - c. the parties to the transaction
- Records shall be kept as per the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made thereunder, PML Act, 2002, as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws, and Circulars.
- To maintain an audit trail, the following information for the accounts of customers shall be kept:
 - a. The beneficial owner of the account;
 - b. The volume of the funds flowing through the account; and
 - c. For selected transactions:
 - The origin of the funds;
 - The form in which the funds were offered or withdrawn, e.g. cash, cheques, etc.;
 - The identity of the person undertaking the transaction;
 - The destination of the funds;
 - The form of instruction and authority.
 - d. All customer and advice records and information are available on a timely basis to the competent investigating authorities.
 - e. Fees shall only be collected from clients by way of Cheque/NEFT/RTGS or any other mode permitted by RBI.
 - f. Following records shall be maintained and preserved for **five years** from the date of termination of an account or business relationship.
 - g. All necessary records on advice given shall be maintained at least for the minimum period prescribed under the relevant Act (PMLA, 2002, as well as SEBI Act, 1992) and other legislations, Regulations, or exchange bye-laws or circulars.
 - h. 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 **five years** after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.
 - i. Ckredence Wealth shall maintain and preserve the record of information related to advice provided, which are reported to the Director, FIU-IND (if any), as required under Rules 7 & 8 of

the PML Rules, for a period of **five years** from the date of the transaction between the client and the intermediary.

- j. In situations where the records relate to ongoing investigations or transactions that have been the subject of a suspicious transaction report, they shall be retained until it is confirmed that the case has been closed.

Maintaining a proper record of the nature and value of transactions which has been prescribed under Rule 3 of the PML Rules, as mentioned below:

- a. All cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
- b. 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.
- c. 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;
- d. 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 a demat account, security account maintained by the registered intermediary.
- e. Where the registered entity does not have records of the identity of its existing clients, it shall obtain the records forthwith, failing which the registered intermediary 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. Freezing of funds, financial assets:

- Under the Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA), the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism.

The Government is also further empowered to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism.

- To ensure expeditious and effective implementation of the provisions of Section 51A of UAPA, the Government of India has outlined a procedure through an order dated February 02, 2021 (Annexure 1) for strict compliance. These guidelines have been further amended vide a Gazette Notification dated June 08, 2021 (Annexure 2). A corrigendum dated March 15, 2023, has also been issued in this regard (Annexure 3). The list of Nodal Officers for UAPA is available on the website of the MHA.

8. Re-KYC:

Re KYC is an integral part of the PMLA policy. Re KYC for dormant accounts is done as and when the client requests reactivation of the account

- Low Risk Clients: Re KYC for low-risk clients is done after seven to ten years.
- Medium Risk Clients: Re KYC for medium risk clients is done after five to seven years.
- High Risk Clients: Re KYC for High-risk clients is done after three to five years

Shifting of clients from their risk categorization shall be done based on the client's status, and if the client's due diligence does not provide a true picture.

9. Recruitment Of Staff

- The company shall have adequate screening procedures in place to ensure a high standard when hiring employees. It shall identify the key positions within the Company structure, having regard to the risk of money laundering and terrorist financing.
- The HR Department shall be instructed to verify the identity, cross-check all the references, family background, and take adequate safeguards to establish the authenticity and genuineness of the persons before recruiting.
- The HR Department shall obtain documents like: photographs, proof of address, identity proof, proof of educational qualifications, and proof of bank account details.

10. Staff Training and Up-Gradation

- All the staff members involved in front office dealings, back office, KYC & Compliances, Risk Management, or any kind of client dealings need to be adequately trained in AML and CFT (Combating Financing of Terrorism) procedures at the time of induction into the Company. At the time of induction sessions, the PMLA policy of the Company shall be shared with the Staff members.

- Periodically, the Company shall send updates on PMLA to its Staff members.
- The Company shall have an ongoing employee-training program so that the concerned staff is adequately trained in AML and CFT procedures.
- Further, the Principal Officer shall ensure that all the concerned staff is well versed with latest modifications in the PMLA policy framework and is adequately sensitized to the risks of ML & TF.

11. Investor Education

- Implementation of AML/CFT measures requires the Company to demand certain information from investors, which may be of a personal nature or which has never been called for. Such information can include documents evidencing the source of funds/income tax returns/bank records, etc. This can sometimes lead to the raising of questions by the clients with regard to the motive and purpose of collecting such information.
- Hence, the Company is required to inform the client that this information is required as per the AML and CFT framework. This may either be done by preparing a specific format asking for the documents or by educating the clients on the objectives of the Anti-Money Laundering (AML) / Combating Financing of Terrorism (CFT) program, or by displaying the Company policy on PMLA on the website and requesting clients to go through the same.

12. Review Criteria of Policy

The policy will be reviewed at least on a yearly basis or as and when any changes are notified by FIU/SEBI.

The above policy is placed before the Meeting of the Board of Directors of the Company dated 27th May, 2025, and duly approved.

For Ckredence Wealth Management Pvt. Ltd.

Arvind K. Shah
(Director)

Chirag A. Shah
(Director)