

VFC SECURITIES PRIVATE LIMITED

POLICIES AND PROCEDURE FOR PREVENTION OF MONEY LAUNDERING

(as per the PMLA Act (Amended), 2002)

| Policy prepared by | Policy reviewed by | Date of Review |
|--------------------|--------------------|----------------|
| Compliance team | Management | 01-01-2026 |



POLICIES AND PROCEDURE FOR PREVENTION OF MONEY LAUNDERING
(As per the PMLA Act, 2002)

Policy revised as per SEBI Circular SEBI circular CIR/MIRSD/2/2013 Jan 2013, CIR/MIRSD/1/2014 & SEBI/ HO/
MIRSD/ DOS3/ CIR/ P/ 2018/ 104

1. Company Policy

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

2. Principal Officer Designation and Duties

The company has designated **Mr. Nimish Shah** as the Principal Officer for its Anti- Money Laundering Program, with full responsibility for the company AML program is qualified by experience, knowledge and training. The duties of the Principal Officer will include monitoring the company compliance with AML obligations and overseeing communication and training for employees. The Principal Officer will also ensure that proper AML records are kept. When warranted, the Principal Officer will ensure filing of necessary reports with the Financial Intelligence Unit (FIU – IND)

The company has provided the FIU with contact information of the Principal Officer, including name, title, mailing address, e-mail address, telephone number and facsimile number. The company will promptly notify FIU of any change to this information.

3. Appointment of Designated Director

In addition to the existing requirement of designation of a Principal Officer, we have appointed Mr. Nimish Shah as a 'Designated Director' in terms of Rule 2 (ba) of the PML Rules & we have communicated same to the FIU- IND.

4. Customer Due Diligence/KYC Standards

New customer acceptance procedures adopted include following processes:

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 Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed in the United Nations website at <http://www.un.org/sc/committees/1267/consolist.shtml>. Before opening any new account, it will be ensured that the name/s of the proposed customer does not appear in the list; further,



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 should immediately be intimated to SEBI and FIU-IND:

- a. Customer identification and In-person verification of the customer, depending on nature /status of the customer and kind of transactions that are expected by the customer. Also at the time of commencement of an account-based relationship, identify its clients, verify their identity and obtain information on the purpose and intended nature of the business relationship.
- b. One certified copy of an 'officially valid document'(OVD) containing details of his identity and address, one recent photograph and such other documents including in respect of the nature of business and financial status of the client, OVD includes:
 - A. The passport,
 - B. the driving license,
 - C. proof of possession of Aadhaar number,
 - D. the Voter's Identity Card issued by Election Commission of India,
 - E. job card issued by NREGA duly signed by an officer of the State
 1. Government and
 - F. the letter issued by the National Population Register containing details
 1. of name, address, or any other document as notified by the Central
 2. Government in consultation with the Regulator.
- c. PML Rules allows an investor to submit other OVD instead of PAN, however, in terms of SEBI circular MRD/DOP/Cir- 05/2007 dated April 27, 2007 the requirement of mandatory submission of PAN by the investors for transaction in the securities market shall continue to apply.
- d. The RI shall forward the KYC completion intimation letter through registered post/speed post or courier, to the address of the investor in cases where the investor has given address other than as given in the OVD. In such cases of return of the intimation letter for wrong / incorrect address, addressee not available etc., no transactions shall be allowed in such account and intimation shall also sent to the Stock Exchange and Depository.
- e. False / incorrect identification of documents.
- f. Client should remain present for registration personally.
- g. Compliance with guidelines issued by various regulators such as SEBI, FIU, RBI etc.
- h. Establishing identity of the client, verification of addresses, phone numbers and other details.
- i. Obtaining sufficient information in order to identify persons who beneficially own or control the trading account and demat account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by entity other than the client.
- j. Verification of the genuineness of the PAN provided by the client such as comparing with original PAN, checking details on the Income tax website etc.
- k. Checking original documents before accepting a copy.
- l. Asking for any additional information as deemed fit on case to case basis to satisfy about the Genuineness and financial standing of the client.
- m. Whether the client has any criminal background, whether he has been at any point of time been associated in any civil or criminal proceedings anywhere checking whether at any point of time he has been banned from trading in the



stockmarket.

For existing clients processes include:

- a. Review of KYC details of all the existing active clients in context to the PMLA 2002 requirements.
- b. Classification of clients into high, medium or low risk categories based on KYC details, trading activity etc.
- c. Obtaining of annual financial statements from all clients, particularly those in high risk categories.
- d. In case of non-individuals additional information about the directors, partners, dominant promoters and major shareholders is obtained.

5. Client Identification & Verifications

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

| Constitution of Client | Proof of Identity | Proof of Address | Others |
|------------------------|---|---|--|
| Individual | <ul style="list-style-type: none">• PAN Card | <ul style="list-style-type: none">• Copy of Bank Statement, valid driving license, Aadhar card, valid passport etc. | <ul style="list-style-type: none">• N.A. |
| Company | <ul style="list-style-type: none">• PAN Card• Certificate of incorporation• Memorandum and Articles of Association• Resolution of Board of Directors | <ul style="list-style-type: none">• As above | <ul style="list-style-type: none">• Proof of Identity of the Directors/Others authorized to trade on behalf of the company |
| Partnership Firm | <ul style="list-style-type: none">• PAN Card• Registration certificate• Partnership deed | <ul style="list-style-type: none">• As above | <ul style="list-style-type: none">• Proof of Identity of the Partners/Others authorized to trade on behalf of the company |
| Trust | <ul style="list-style-type: none">• PAN Card• Registration certificate• Trust deed | <ul style="list-style-type: none">• As above | <ul style="list-style-type: none">• Proof of Identity of the Trustees/ others |



| Constitution of Client | Proof of Identity | Proof of Address | Others |
|------------------------|--|--|---|
| | | | <p>authorized to trade on behalf of the trust</p> <ul style="list-style-type: none"> Entities must be registered on DARPAN portal of NITI Aayog, if required |
| AOP/ BOI | <ul style="list-style-type: none"> PAN Card Resolution of the managing body Documents to collectively establish the legal existence of such an AOP/ BOI | <ul style="list-style-type: none"> As above | <ul style="list-style-type: none"> Proof of Identity of the Persons authorized to trade on behalf of the AOP/ BOI |

1. If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, our company will not open the new account.
2. The company will maintain records of all identification information for eight years after the account has been closed.
3. We have a system to determine whether our existing / potential customer is a politically exposed person (PEP) for that we may ask additional information to clients or access to publicly available information etc.
Such PEP clients, needs to obtain the approval from Chairman or from any of our Directors before establishing business relationship. Principal Officer will verify the sources of funds from clients identified as PEP. Each original document is verified before accepting the copies of the same. Failure to provide any documents by any of the prospective client is noted and reported to the Director immediately.

6. Risk Profiling of customer

- M/S VFC SECURITIES PRIVATE LIMITED has adopted a risk-based approach in implementing its AML framework as spelt out in the AML Policy of the Broker. This approach includes assessment of various risks associated with different types of customer.

For the purpose customers are classified under three broad categories

1. High Risk customers
 2. Medium Risk customers
 3. Low Risk customers
- Customers who are being referred by Existing Client or Person Known to Directors for More than 5 Years shall be classified under Low Risk category.
 - Classification of both the new and existing clients into high or medium category depending on parameters such as the customer's background, type of business relationship, transactions etc. Following procedures are adopted for all clients for Risk Categorization:
 - a. Large number of accounts having a common account holder in DP
 - b. Unexplained transfers between multiple accounts with no rationale in DP
 - c. Unusual activity compared to past transactions
 - d. Doubt over the real beneficiary of the account



- e. Payout/pay-in of funds and securities transferred to /from a third party
- f. Off market transactions especially in illiquid stock and in F & O, at unrealistic prices
- g. Large sums being transferred from overseas for making payments
- h. Inconsistent with the clients' financial background
- i. Inconsistent with the clients' educational background
- j. Large number of accounts having common parameters such as common partners / directors / promoters / address / email address / telephone numbers / introducers or authorized signatories;

Additional due diligence is carried out in respect of high and medium risk clients are as under:

Application of each of the customers' due diligence measures on a risk sensitive basis and adoption of an enhanced customer due diligence process for high and medium risk categories of customers and vice-à-versa.

Following Risk based procedures are adopted for High and Medium Risk clients:

- Substantial increase in activity without any apparent cause.
 - Transactions with no apparent economic or business rationale.
 - Sudden activity in dormant accounts;
 - Source of funds are doubtful or inconsistency in payment pattern;
 - Unusual and large cash deposits made by an individual or business;
 - Transfer of investment proceeds to apparently unrelated third parties;
 - Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
 - Purchases made on own account transferred to a third party through off market transactions through DP Accounts;
 - Suspicious off market transactions;
 - Large deals at prices away from the market.
- Further to above it is also necessary to cross verify the details of prospective customers with the databases of UN or other similar entity. M/S VFC SECURITIES PRIVATE LIMITED 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 should immediately be intimated to SEBI and FIU-IND.
 - 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 Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) needs to be accessed in the United Nations website at <https://press.un.org/en/content/press-release> and <https://www.un.org/securitycouncil/sanctions/1267/press-releases>.
 - With regard to client with a dubious reputation, M/S VFC SECURITIES PRIVATE LIMITED will obtain the information from various other legitimate sources like <http://www.sebi.gov.in>, <http://www.sebi.gov.in/pmd/debarredco1.html>, <http://www.sebi.sebi.gov.in/pmd/debardirector1.html>,



http://www.sebi.gov.in/cis_prosecutiondata.html,
<http://www.sebi.gov.in/cis/noncisdata.html>,
<https://www.watchoutinvestors.com/default2a.asp>,
<https://www.nseindia.com/regulations/member-sebi-debarred-entities>
<http://www.bseindia.com/investors/debent.aspx>
<https://suit.cibil.com>

- In addition to above it is also necessary to identify and classify customers under 'Clients of Special Category' (CSC) an illustrative list of 'Clients of Special Category' (CSC) shall be read as under:

1. Non-resident clients,
2. High net-worth clients,
3. Trust, Charities, NGOs and organizations receiving donations,
4. Companies having close family shareholdings or beneficial ownership,
5. Politically exposed persons (PEP). Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.
6. Companies offering foreign exchange offerings,
7. Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, where there is unusual banking secrecy, Countries active in narcotics production, Countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following – Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent,
8. Non face to face clients,
9. Clients with dubious reputation as per public information available etc.

Treatment of Accounts of Clients of Special Category

1. NRI: - While opening NRI account utmost care should be exercised. Collect the following documents:
 - PAN Card Copy;
 - Pass Port Copy with date of arrival in case personal visit
 - Indian & foreign Address Proof;
 - Cancelled cheque copy of NRE A/c, along with PIS permission issued from RBI & Bank statement copy;
 - Client master copy for Demat account;
 - FEMA declaration;
 - Custodian Participant details
2. High Net worth Clients:-High Net worth clients could be classified as such if at the account opening stage or during the course of the relationship, it is realized that the client's investments or the appropriate for investment is high.
3. Trust, Charity and NGOs: -Public as well as private, registered as well as unregistered trust will have to be classified in the special category.



4. Politically Exposed Person: - In case of PEPs, the account should be opened only after consent of the senior management and principal officer & all the required documents are collected and client should be marked as PEP in records. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes PEP, registered intermediaries shall obtain senior management approval to continue the business relationship.

7. **Identification of Beneficial Ownership**

- At the time of opening an account or executing any transaction with it, the M/S VFC SECURITIES PRIVATE LIMITED will verify sufficient information from their clients in order to identify and verify the identity of persons who beneficially own or control the securities account.
- The beneficial owner has been defined as the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement.

Following are the steps taken for identifying beneficial owners of the client:

A. For Corporate

a. The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

Controlling ownership interest means ownership of/entitlement to:

- (I) more than 10% of shares or capital or profits of the juridical person, where the juridical person is a company;
- (II) More than 10% of the capital or profits of the juridical person, where the juridical person is a partnership; or
- (III) More than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

b. In cases where there exists doubt under clause 1 (a) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.

c. Where no natural person is identified under clauses 1 (a) or 1 (b) above, the identity of the relevant natural person who holds the position of senior managing official.

B. For client which is a trust:

Where the client is a trust, we identify the beneficial owners, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% 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.



C. Exemption in case of listed companies:

Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

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

(I) In case 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. Such third party are regulated, supervised or monitored by us, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

(II) 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. Further, it is clarified that the registered intermediary shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable. Review of client due diligence is done on yearly basis.

8. Maintenance of records

The Principal Officer will be responsible for the maintenance for following records:

- All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency;
- All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;
- All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- All suspicious transactions whether or not made in cash. Suspicious transaction means a transaction whether or not made in cash which, to a person acting in good faith -
 - gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
 - appears to be made in circumstances of unusual or unjustified complexity; or
 - appears to have no economic rationale or bonafide purpose; or
 - gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism

The records shall contain the following information:

- The nature of the transactions;
- The amount of the transaction and the currency in which it was denominated;
- The date on which the transaction was conducted; and
- The parties to the transaction."

The records will be updated on daily basis, and in any case not later than 5 working days.



9. **Record Keeping**

M/S VFC SECURITIES PRIVATE LIMITED shall maintain and preserve the record 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 eight years after the business relationship between a client and M/S VFC SECURITIES PRIVATE LIMITED has ended or the account has been closed, whichever is later.

M/S VFC SECURITIES PRIVATE LIMITED shall maintain and preserve the record of information related to transactions, whether attempted or executed, which are reported to the Director, FIU-IND, as required under Rules 7 & 8 of the PML Rules, for a period of eight years from the date of the transaction between the client and M/S VFC SECURITIES PRIVATE LIMITED.

10. **Monitoring Accounts For Suspicious Activity**

The company will monitor through the automated means of Back Office Software for unusual size, volume, pattern or type of transactions. For non-automated monitoring, the following kinds of activities are to be mentioned as Red Flags and reported to the Principal Officer.

- The customer exhibits unusual concern about the company compliance with government reporting requirements and the firm's AML policies (particularly concerning his or her identity, type of business and assets), or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspicious identification or business documents.
- The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer's stated business or investment strategy.
- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The customer exhibits a lack of concern regarding risks, commissions, or other transaction costs.
- The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.
- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash, or asks for exemptions from the company policies relating to the deposit of cash.
- Transactions reflect likely market manipulations;
- Suspicious off market transactions Value of Transactions;
- Value just under the reporting threshold amount in an apparent attempt to avoid reporting
- Large sums being transferred from overseas for making payments
- Inconsistent with the clients apparent financial standing
- Inconsistency in the payment pattern by client



- Block deal which is not at market price or prices appear to be artificially inflated/deflated.

11. Reporting to FIU IND

For Cash Transaction Reporting

The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU-IND by 15th of the succeeding month.

For Suspicious Transactions Reporting

We will make a note of Suspicion Transaction that have not been explained to the satisfaction of the Principal Officer and thereafter report the same to the FIU IND 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. This will typically be in cases where we know, suspect, or have reason to suspect:

- The transaction involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade any the transaction reporting requirement,
- The transaction is designed, whether through structuring or otherwise, to evade the any requirements of PMLA Act and Rules framed thereof
- The transaction has no business or apparent lawful purpose or is not the sort in which the customer would, normally be expected to engage, and we know, after examining the background, possible purpose of the transaction and other facts, of no reasonable explanation for the transaction, or
- The transaction involves the use of the company to facilitate criminal activity.

We will not base our decision on whether to file a STR solely on whether the transaction falls above a set threshold. We will file a STR and notify law enforcement of all transactions that raise an identifiable suspicion of criminal, terrorist, or corrupt activities.

All STRs will be reported quarterly to the Management, with a clear reminder of the need to maintain the confidentiality of the STRs

We will not notify any person involved in the transaction that the transaction has been reported, except as permitted by the PMLA Act and Rules thereof.

For Non Profit Organization Reports

The Non Profit Organization Transaction Reports (NTRs) for each shall be submitted to FIU-IND by 15th of the succeeding month

12. Procedure for implementation of section 12A of Weapons of Mass Destruction and their Delivery System (Prohibition of Unlawful Activities)Act 2005

- For prevention of financing by any person of any activity which is prohibited under the WMD Act, or under the United Nations (Security Council) Act, 1947
- Prohibit any person from making funds, Financial Assets or economic resources or related services available for the benefit of person related to any activity which is prohibited under WMD Act.



13. **AML Record Keeping**

A) **STR Maintenance and Confidentiality**

We will hold STRs and any supporting documentation confidential. We will not inform anyone outside of a law enforcement or regulatory agency or securities regulator about a STR. We will refuse any requests for STR information and immediately tell FIU IND of any such request we receive. We will segregate STR filings and copies of supporting documentation from other firm books and records to avoid disclosing STR filings. Our Principal Officer will handle all requests or other requests for STRs.

B) **Responsibility for AML Records and STR Filing**

Principal Officer will be responsible to ensure that AML records are maintained properly and that STRs are filed as required.

C) **Records Required**

As part of our AML program, our company will create and maintain STRs and CTRs and relevant documentation on customer identity and verification. We will maintain STRs and their accompanying documentation for at least eight years.

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

Section 51A, of the Unlawful Activities (Prevention) Act, 1967 (UAPA), relating to the purpose of prevention of, and for coping with terrorist 33 | Page activities was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government has issued an Order dated August 27, 2009 detailing the procedure for the implementation of Section 51A of the UAPA. Under the aforementioned Section, 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. The obligations to be followed by intermediaries to ensure the effective and expeditious implementation of said Order has been issued vide SEBI Circular ref. no: ISD/AML/CIR-2/2009 dated October 23, 2009, which needs to be complied with scrupulously.

15. **Employee Hiring and Training Programs**

We have adequate screening procedures in place to ensure high standards when hiring employees. They should 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.

We will develop ongoing employee training under the leadership of the Principal Officer. Our training will occur on at least on annual basis. It will be based on our company size, its customer base, and its resources.



Our training will include, at a minimum: how to identify red flags and signs of money laundering that arise during the course of the employees' duties; what to do once the risk is identified; what employees' roles are in the company compliance efforts and how to perform them; the company record retention policy; and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the PMLA Act.

We will develop training in our company, or contract for it. Delivery of the training may include educational circulars, intranet systems, in-person lectures, and explanatory memos.

We will review our operations to see if certain employees, such as those in compliance, margin, and corporate security, require specialized additional training. Our written procedures will be updated to reflect any such changes.

16. Program to Test AML Program

A) Staffing

The testing of our AML program will be performed by the Statutory Auditors of the company

B) Evaluation and Reporting

After we have completed the testing, the Auditor staff will report its findings to the Management. We will address each of the resulting recommendations.

17. Monitoring Employee Conduct and Accounts

We will subject employee accounts to the same AML procedures as customer accounts, under the supervision of the Principal Officer. We will also review the AML performance of supervisors, as part of their annual performance review. The Principal Officer's accounts will be reviewed by the Management.

18. Confidential Reporting of AML Non-Compliance

Employees will report any violations of the company AML compliance program to the Principal Officer, unless the violations implicate the Principal Officer, in which case the employee shall report to Designated Director such reports will be confidential, and the employee will suffer no retaliation for making them.

19. Investor Awareness

We prepare specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT program

20. Management Approval

We have approved this AML program as reasonably designed to achieve and monitor our company ongoing compliance with the requirements of the PMLA and the implementing regulations under it.



21. **Procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person**

Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held by them has been inadvertently frozen, shall move an application giving the requisite evidence, in writing, to the concerned stock exchanges/depositories and registered intermediaries. The stock exchanges/depositories and registered intermediaries shall inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the nodal officer of IS-I Division of MHA as per the contact details given in paragraph 5(ii) above within two working days. The Joint Secretary (IS-I), MHA, being the nodal officer for (ISI) Division of MHA, shall cause such verification as may be required on the basis of the evidence furnished by the individual/entity and if he is satisfied, he shall pass an order, within fifteen working days, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant under intimation to the concerned stock exchanges, depositories and registered intermediaries. However, if it is not possible for any reason to pass an order unfreezing the assets within fifteen working Days, the nodal officer of IS-I Division shall inform the applicant.

22. **Amendment to Gazette Notification Dated June 01, 2017 and December 13, 2017:**

As per Gazette Notification Dated December 13, 2017, To provide for submission of Aadhaar Number, Where The Client Enters Into an Account Based Relationship with Reporting Entity And To Revise The Existing Timelines For Submission of Aadhaar Number To March 31, 2018 or Six Months From The Date Of Commencement Of Account Based Relationship By The Client, Whichever Is Later.

In Case Of Failure to Submit the Documents within the Aforesaid Time limit, The Account Shall Cease to Be Operational Till the Time Aadhaar Number Is Submitted by the Client.

In pursuance of clause (a) and clause (c) of sub-rule (17) of rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, the Central Government hereby notifies the 31st March, 2018 or six months from the date of commencement of account based relationship by the client, whichever is later, as the date of submission of the Aadhaar Number, and Permanent Account Number or Form 60 by the clients to the reporting entity.

23. **Amendment to Gazette Notification Dated August 20, 2019 :**

As per gazette notification Dated August 20, 2019, intermediaries or Reporting entities having "Digital KYC PROCESS" or E-KYC as widely known shall be subject to following Process:

The <MEMBER NAME> shall develop a portal for digital KYC process which shall be made available at customer touch points for undertaking KYC of their customers and the KYC process shall be undertaken only through this authenticated & Secured Portal.



The access of the portal shall be controlled by the M/S VFC SECURITIES PRIVATE LIMITED and it should be ensured that the same is not used by unauthorized persons. The Application shall be accessed only through Mobile no. and password or Live OTP controlled mechanism given by M/S VFC SECURITIES PRIVATE LIMITED to its authorized officials.

The client, for the purpose of KYC, shall visit the portal prescribed & controlled by M/S VFC SECURITIES PRIVATE LIMITED or authorized official of the Entity.

The M/S VFC SECURITIES PRIVATE LIMITED must ensure that the Live photograph of the client is taken via the web portal controlled by M/S VFC SECURITIES PRIVATE LIMITED and the same photograph is embedded in the Customer Application Form (CAF).

Thereafter, all the entries in the CAF shall be filled by Beneficial Owner as per the documents and information. In those documents where Quick Response (QR) code is available, such details can be auto-populated by scanning the QR code instead of manual filing the details.

Further, the web Application of the M/S VFC SECURITIES PRIVATE LIMITED shall put in a readable form having CAF number, authorized official's name, unique employee Code (assigned by Reporting Entities) and Date (DD:MM:YYYY) and time stamp (HH:MM:SS).

The live photograph of the client and his original documents shall be captured in proper readable format so that they are clearly readable and identifiable.

Thereafter, all the entries in the CAF shall be filled as per the documents and information furnished by the client. In those documents where Quick Response (QR) code is available.

Once the above mentioned process is completed, a One Time Password (OTP) message containing the text that 'Please verify the details filled in form before entering OTP' shall be sent to client's own mobile number. Upon successful validation of the OTP, it will be treated as client signature on CAF. However, if the client does not have his/her own mobile number, then mobile number of his/her family may be used for this purpose and be clearly mentioned in CAF. In any case, the mobile number of authorized officer registered with the Reporting Entity shall not be used for client signature. The Reporting Entity must check that the mobile number used in client signature shall not be the mobile number of the authorized officer.

The authorized officer of the M/S VFC SECURITIES PRIVATE LIMITED shall check and verify that:-

- (I) Information available in the generated document (PDF/ASPX) is matching with the information in the documents attached therewith.
- (II) Live photograph of the client matches with the photo available in the document; and
- (III) All of the necessary details in CAF including mandatory field are filled properly;

On Successful verification, the CAF shall be digitally signed by BO & verified by authorized official of M/S VFC SECURITIES PRIVATE LIMITED.

Policy Review:

The policy shall be reviewed on yearly basis and as when required by the law.

For M/S VFC SECURITIES PRIVATE LIMITED


NIMISH SHAH
(Director)
DIN: 00325298
Dated : 01.01.2026



POLICIES AND PROCEDURE FOR PREVENTION OF MONEY LAUNDERING