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PAVAK SECURITIES PVT LTD

MEMBER: BSE LTD
CLEARING NO.: 0772

Implementation of Provision of PMLA

Money Laundering is the attempt to introduce illegally obtained money in the main stream of Banking, and at the same time making it difficult to trace the origin of such monies.

Money in the form of cash is deposited in Banks from where they are transferred to different accounts and eventually introduced in legitimate accounts ultimately finding their way into mainstream of banking.

Money laundering is a serious offense in major developed countries and offenses are classified as criminal offences which attract heavy penalties including jail.

The Government of India has taken serious note of this and introduced the Anti Money Laundering Bill in parliament. It has directed SEBI to inform Brokers to appoint a principal officer who would be responsible for reporting any instances of money laundering.

As advised by SEBI vide its Circular no. ISD/CIR/PR/AML/1/06 dated 18th January 2006 and ISD/CIR/PR/AML/2/06 dated 20th March 2006, to appoint Principal Officer under Money laundering Act 2002, we have appointed Mr. Pankaj Karani as Principal Officer. We have forwarded intimation through Registered post at following address

Direct, FIU-IND,
Financial Intelligent Unit-India
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi 110021

We have adopted written procedures to implement the anti money laundering provisions as envisaged under the Anti Money Laundering Act, 2002. this procedures includes following three specific parameters which are related to the overall 'Client Due Diligence Process':

1. Policy for acceptance of clients
2. Procedure for identifying the clients
3. Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR)

Customer Due Diligence:

A. The Customer due diligence ("CDD") measures comprise the following:

1. Obtaining sufficient information in order to identify persons who beneficially own or control 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 should be identified using client identification and verification procedures. We use this procedure for non individual client such as Pvt. Ltd and Ltd company, Partnership Firm, HUF firm, and NRI 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.
2. Verify the customer's identity using reliable, independent source documents, data or information; While introducing client we collect complete data of our client. We also emphases that introducer of client is equally responsible as good as client. We do not entertain any client with out perfect Reference.



3. Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the customer and/or the person on whose behalf a transaction is being conducted; We observe that documents provided by client is true and perfect. We also check that Demat account and Bank account belong to same client and operation is being done through same account.
4. Verify the identity of the beneficial owner of the customer and/or the person on whose behalf a transaction is being conducted.
5. Conduct ongoing due diligence and scrutiny, i.e. perform ongoing scrutiny of the transactions and account throughout the course of the business. We conduct ongoing due diligence and scrutiny of our client account. Normally, we check client's trading pattern, trading turn over, payment and receipt pattern and updating of KYC documents. If we find a client is irregular in payment or short sell securities, we issue warning to client and stop executing trade for such client.

B. Policy for acceptance of clients:

1. We have developed customer acceptance policies and procedures that aim to identify the types of customers that are likely to pose a higher than the average risk of money laundering. By establishing such policies and procedures, we are in a better position to apply customer due diligence on a risk sensitive basis depending on the type of customer business relationship or transaction.

the following steps are followed while accepting the clients:

- a. No account is opened in a fictitious, benami name or on an anonymous basis.
- b. Factors of risk perception in terms of monitoring transactions of the client are clearly defined having regard to clients' location such as 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. These parameters enable us to make classification of clients into average or small clients and High Networth Clients. High Networth Clients require higher degree of due diligence and regular update of KYC profile.
- c. Requirement of Documentation and other information is being collected from clients time to time.
- d. We ensure that the account is not opened, where we do not obtain appropriate clients due diligence measures / KYC policies. This may be applicable in cases where it is not possible to ascertain the identity of the client, lack of information provided to us. We do not start business with such a person who does not provide proper details.

C Client Identification procedure:

The Know Your Client (KYC) policy is clearly spelled out for identification of client. In our organization clients are introduced either by Director, promoter and their close friends and relative. Clients are also introduced by our registered sub brokers and Remisiers. We stress more emphasis on reliability of introducer. We obtain adequate information to satisfactorily establish the identity of each new client. We have set two layer cross check system to verify information and data of new client.

D Record Keeping:

The following books of accounts and other records as required under rules 15 of Securities Contract (Regulation) Rules 1957 and Regulation 17(1) of SEBI (Stock Broker and Sub Brokers) Regulation, 1992

1. Register of transaction (sauda book)
2. Clients ledger;
3. General ledger;
4. Journals;



5. Cash book;
6. Bank pass book;
7. Documents register should include particulars of shares and securities received delivered;
8. Member's contract books showing details of all contracts entered into by him with other members of the same exchange or counterfoils or duplicates of memos of confirmation issued to such other member;
9. We are keeping the acknowledgement log book of e-sign contract .
10. Written consent of clients in respect of contracts entered into as principals;
11. Margin deposit book;

E Retention of Records:

We take appropriate steps to evolve an internal mechanism for proper maintenance and preservation of our records and information in a manner that allows easy and quick retrieval of data as and when required.

F Monitoring of transactions:

Regular monitoring of transactions is being done on every day after closing of trading session. We also check clients ledger to check payment pattern. Normally we have established the system of bill to bill payment and receipt. if any bulk deal or big deal is to be executed, in that case we inform to Exchange. We have kept the records of Big deal undertaken by our client. Pay in and pay out of securities are received/delivered from/to clients Bank/demat account only. We have collected copies of clients Bank account statement/copy of cancelled cheques leaf/Bank pass book and copy of Demat client Master/Demat Statement.

G Suspicious Transaction Monitoring & Reporting:

We entertain only reliable client. All our clients are generally buying known and fundamentally strong stocks. We always keep close watch on clients transaction pattern. Normally we do not allow our client to keep their money or securities after pay out with us unless the specific written instruction of the client.

For PAVAK SECURITIES PVT. LTD.

B. V. J. K.

DIRECTOR / AUTHORISED SIGNATORY