

# **ANTI MONEY LAUNDERING POLICY**

## **Wealth Discovery Securities Pvt. Ltd.**

PMLA POLICY of Wealth Discovery Securities Pvt Ltd. being the member of CDSL, NSE, BSE& MCX vide SEBI Regn Nos  
INZ000199032.

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## **Document Control**

<i>Document Title</i>	Anti Money Laundering Policy
<i>Document Version</i>	Version 1.2
<i>Approved By</i>	Board of Directors
<i>Review Periodicity</i>	Annual
<i>Last review &amp; approval date</i>	April 25, 2024

## 1. Preamble

The prevention of Money Laundering Act, 2002 (PMLA) was enacted in 2003 and brought in to force with effect from 1<sup>st</sup> July 2005 to combat money laundering and Terrorist Financing.

Pursuant to the recommendations made the Financial Action Task Force on anti- money laundering standards, SEBI has issued a master circular on anti-money laundering/ Combating the Financing of Terrorism (CFT) in line with the FATF recommendations and PMLA Act, 2002. As per the Guidelines on Anti Money Laundering standards notified by SEBI, all registered intermediaries such as Stockbrokers, Investment Advisers have been advised to ensure that proper policy frameworks are put in place.

Wealth Discovery Securities Pvt. Ltd. ("Company") is committed to transparency and fairness in dealing with all stakeholders and ensuring adherence to all applicable rules and regulations. The Company is committed to deterring, the best of its ability, money laundering and related activities.

In view of the above, Company has framed its' Anti- Money Laundering policy ("Policy") basis Know your customer ("KYC") guidelines; Anti-Money Laundering ("AML") standards, SEBI Master Circular Ref No: SEBI/HO/MIRSD/DOP/CIR/P/2019/113 and directives issued by SEBI from time to time, collectively hereinafter referred as AML measures.

## 2. Objective

The objective of this policy is to ensure that we identify and discourage any money laundering or terrorist financing activities and that the measures taken by us are adequate to follow the spirit of the Act and guidelines. The policy has been framed by the Company to achieve below mentioned objectives:

- a. To lay down a detailed AML framework and to ensure that the Company is not used as a conduit for money laundering and/or terrorist financing.
- b. To put in place an effective system and procedure for Client identification and verification of the Client's identity and address basis which clients will be accepted
- c. To put in place appropriate controls and robust framework for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures.
- d. To take necessary steps to ensure that the concerned staff is adequately trained in KYC/AML procedures.
- e. Record keeping/ Retention of Documents as per applicable rules and regulations.

## 3. Responsibility

**Mr. Sachin Bansal** designated as Principal Officer ("PO") for this purpose, shall define / implement appropriate criterion for identifying the suspicious transactions and reporting of the same to Financial Intelligence Unit (FIU), New Delhi.

**Mr. Sachin Bansal** Designated Director ("DD") shall have the overall responsibility to ensure compliance with this policy.

The burden of successful execution and implementation of this policy lies on each employee of the Company while onboarding any new client and undertaking any kind of transactions with clients.

## 4. Concept of Money Laundering

Section 3 of the Prevention of Money Laundering (PML) Act 2002 has defined the Offence of money laundering' as under:

*Whoever directly or indirectly attempts to indulge or knowingly assists or knowingly is party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering*

In simple terms, Money laundering refers to the act of concealing or disguising the origin and ownership of proceeds of criminal activity, including drug trafficking, corruption, terrorism, fraud, and organized crime activities. The process of money laundering involves creating a web of financial transactions so as to hide the origin and true nature of these funds. For the purpose of this document, the term 'money laundering' would also cover financial transactions where the end use of funds goes for terrorist financing irrespective of the source of the funds.

Generally, the money laundering process involves three (3) stages: placement, layering and integration. As illegal funds move from the placement stage through the integration stage, they become increasingly harder to detect and trace back to the illegal source.

a) **Placement:** Initial introduction of illicit funds into a financial system.

b) **Layering:** After illegal funds have entered the financial system, layers are created by closing and opening accounts, purchasing, and selling various financial products, transferring funds among financial institutions and across national borders. The intent behind this is to create layers of transactions to make it difficult to trace the illegal origin of the funds, to disguise the audit trail and provide the appearance of legitimacy.

c) **Integration:** The placing of laundered proceeds back into the economy in such a way that they re-enter the market appearing as normal and legitimate funds.

#### 4.1 Money Laundering Risks

The risks that the Company may be exposed to if the KYC/AML framework is not strictly adhered to are as follows:

- a. Reputational Harm- Any failure to comply with this Policy could have a severe impact on the reputation of the Company. This may be of particular concern given the nature of the business in Stock Broking industry, which requires the confidence of investor /public
- b. Legal penalties- Failure to comply with applicable laws or regulations may result in a negative legal impact on the Company. The specific types of negative legal impacts which could arise are fines, confiscation of illegal proceeds, suspension/termination of licenses by any regulators, criminal liability, etc.
- c. Financial losses- Risk of loss due to any of the above risks or a combination thereof resulting in a negative financial impact on the Company.

The Company wishes to make it abundantly clear that non-compliance with this Policy by any of the Company's employees may be grounds for disciplinary action, including dismissal from employment, in addition to formal legal proceedings.

#### 5. Definitions:

a. **KYC:**

KYC is the means of identifying and verifying the identity of individuals/entities that the Company has business relationships with through independent and reliable sources of documents, data or information. KYC procedures will have to be conducted on all the clients, in accordance with the terms of this Policy.

When should KYC be conducted?

As a general rule of thumb, KYC must be conducted **before** the Company enters into a business relationship with a client. However, it should form part of the Customer Identification Process.

b. **Client(s)** shall include:

- i. A person who either directly or indirectly involves in trading and enters into financial transaction with the Company

c. **Transaction:**

"Transaction" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:

- i. Deposits (including security deposits), amounts used for stock trading in whatever currency,
- ii. Entering into any fiduciary relationship; and
- iii. Any payment made or received in whole or in part of any contractual or other legal obligation.

d. **Officially Valid Document ("OVD") OVD as per PMLA rules, means and includes:**

- a. Passport,
- b. Driver's License,
- c. Proof of possession of Aadhaar number,
- d. Voter's Identity Card issued by the Election Commission of India
- e. Any other valid State or Central Government issued form of identification.

e. **Politically Exposed Persons ("PEPs")**

- 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.
- Do note that the above specified is only an indicative list of individuals who could qualify as Politically Exposed Persons, and the examples set forth are not meant to be exhaustive
- Also, The additional norms applicable to PEP as contained in paragraph 14 of the Master Circular shall also be applied to the accounts of the family members or close relatives of PEPs."

f. **Non-Profit Organization**

- Non-profit organization" means any entity or organization, constituted for religious or charitable purposes.

## 6. Implementation of AML measures

➤ **Approach:**

The approach towards AML Standards is based on risk perception and money laundering threats with an aim to identify the types of customers that are likely to pose a higher than the average risk of money laundering or terrorist financing. Company's standards and measures involve a customer acceptance and identification exercise that involves enhanced due diligence for higher risk accounts and includes account monitoring for suspicious activities.

## **Company has laid down the following key five elements:**

- A. Client Acceptance Policy and identification procedures
- B. Client Due Diligence (“CDD”)
- C. On-going Monitoring Processes
- D. Reporting Requirements
- E. Maintenance and preservation of Records

## **Other AML Measures**

- F. Staff Hiring Policies and Training Programs and
- G. Review of the Policy
- H. Procedure For Freezing And Unfreezing Of Funds, Financial Assets Or Economic Resources Or Related Services

## **6A. CLIENT ACCEPTANCE POLICY AND IDENTIFICATION PROCEDURE AND TRANSACTION POLICY**

Where the client is a new client, the account must be opened only after ensuring that his KYC verification process is complete. The Company shall follow the industry standard in implementing the procedure for KYC as per the SEBI Guidelines.

Further in order to reduce hardships and help client in dealing with SEBI intermediaries, SEBI has in their circular dated December 02, 2011 has issued the SEBI {KYC (Know Your Client) Registration Agency (KRA)}, Regulations, 2011, to have uniform KYC norms for the securities market and laid down guidelines pursuant to SEBI Circular No. MIRSD/ Cir-26/ 2011 dated December 23, 2011, and SEBI Circular No. MIRSD/SE/Cir- 21/2011 dated October 5, 2011, which has brought uniformity in the Know Your Customer (KYC) process in the securities market and developed a mechanism for centralization of the KYC records through appointment of KRAs (KYC Registration Agency) to avoid duplication of KYC Process across the intermediaries in the securities market and also mandated intermediaries to conduct In-person-verification (IPV) of new Investors. As per SEBI circular dated January 24, 2013 the Firm is required to identify the beneficial owner of investors and take all reasonable steps to verify the identity of the beneficial owner.

The below mentioned needs to be considered before accepting any investor:

- a. No account should be opened in anonymous or fictitious/benami name(s) i.e. to say that anonymous or fictitious/benami customers shall not be accepted.
- b. No account is opened, or transactions conducted in the name of or on behalf of banned/suspended individuals, organisations, entities, etc. For the purpose, necessary cross checks must be made to ensure that the identity of a customer does not match with any person with known criminal background or with banned/ suspended entities. The Company will not enter into any transaction with, or do business with or for the benefit of any persons, group or entities (including any successor in interest or ultimate beneficial owner thereof), and must use all reasonable efforts to exit any business relationship in any entity that is sanctioned by, or related to any activity from time to time prohibited or under embargo by the United Nations (“UN”) Security Council pursuant to any resolution issued under Chapter VII of the United Nations Charter (see the United Nations Security Council Consolidated List at <https://scsanctions.un.org/v5179en-all.html#alqaedaent>)
- c. No account should be opened if appropriate due diligence measures cannot be applied to a customer for want of verifiable documents or on account of non-co-operation of the customer or non-reliability of the data/information as furnished to the Company.

- d. Any transaction from an investor may be accepted only after Investor Acceptance Procedure is completed. If Investor Acceptance Procedure rejects an investor and investor does not respond to requests for additional information, the full amount invested by such investor may be refunded, the application may be rejected, and the allotment reversed by redeeming units so allotted at the prevailing NAV.

## **6B. CLIENT DUE DILIGENCE (“CDD”)**

**The main object of this policy is the Client Due Diligence Process (CDD) which means :**

- a) Obtaining sufficient information about the client / customer/investor in order to identify who is the actual beneficial owner of the securities or on whose behalf a transaction is made.
- b) Verify the customer’s/investor’s identity using reliable, independent source, document, data or information.
- c) Conduct on-going due diligence and scrutiny of the account/client to ensure that the transaction conducted are consistent with the client’s background/financial status, its activities and risk profile

➤ Classification of clients on basis of risk perception:

A risk-based approach is to be applied while carrying out CDD. i.e. higher due diligence measures may be taken by the Company for high-risk Client(s), as compared to other Client(s). The level of Money Laundering (ML) risks that the Company is exposed to by an investor relationship depends on:

- Type of the investor and nature of business
- Type of product / service availed by the investor
- Country where the investor is domiciled
- Transaction Pattern of the client and value of investment

Based on the above criteria, the customers may be classified into 2 Money Laundering Risk levels viz., High Risk and Low Risk.

➤ Where 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 FIUIND.”

### **● High Risk/Client of Special Category**

The following investors are classified as high risk/ client of Special category:

- a) Non-resident clients
- b) High net worth clients
- c) Trust, Charities, NGOs and organizations receiving donations
- d) Unlisted companies
- e) Politically exposed persons (PEP)
- f) Companies offering foreign exchange offerings
- g) Clients in high-risk countries viz. all non-co-operative countries and territories as classified by FATF
- h) Investors with dubious reputation as per public information available
- i) Investors with addresses from Naxalite hit districts
- j) Investors forming part of the watchlists being the UN Sanctions list, list provided by the Ministry of Home Affairs, Enforcement Directorate (ED) list, FIU list etc.
- k) Non-Individual investor involved in Foreign Exchange/ Money Changer Service/Gaming/Gambling (e.g. betting syndicates, casinos etc.)
- l) Clients in high-risk countries viz. all non-co-operative countries and territories as classified by FATF

- **Low Risk**

All investor that are not High Risk are Low Risk customers. Simplified Due Diligence shall be conducted for transactions which falls under this category. Documents required for conducting SDD is enclosed as Annexure 1

The KYC team would also on a “best effort basis” regularly scan regional newspapers / internet / other publicly available information to find names of persons / entities involved in predicate offences.

Please note that Enhanced Due Diligence shall be done for high- risk clients. The process of EDD has been enclosed as Annexure 2

Exchange has specified list of Illiquid Securities where higher due diligence is to be exercised by the Brokers. In case of high volume in any scrip compared to Exchange volume, the client is asked to submit clarification.

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

## **6C. ONGOING MONITORING**

Designated Director may periodically review the list of high-risk Clients and make modifications to the list as necessary.

Repeat KYC and CDD procedures **must** be performed for low-risk clients once in 2 years; and

Repeat KYC and PDD procedures **may** be performed if:

- Client is looking to enter into a transaction that is significant (in terms of size or volume) in relation to that Client’s usual transactions; or
- there is a material change in the way that the Company conducts business with the Client; or
- A review of the Client’s account reveals that there is a lack of adequate identification information in relation to that Client.

## **6D. REPORTING REQUIREMENTS**

### **1. CASH TRANSACTION REPORT**

As per rule 3 of PML rules, Company needs to maintain records of below mentioned transactions and shall report the same to the FIU-IND on monthly basis within 15 days of the succeeding month

- 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;
- 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 by way of as mentioned in the Rules.



## 2. SUSPICIOUS TRANSACTION REPORT (STR)

The PO shall be responsible for collating and reporting transactions prescribed under the Rules notified under PMLA from time to time. All internal reports of suspicious transactions shall be considered by the PO, and these should be reported to the Financial Intelligence Unit, New Delhi, India, if the PO in consultation with DD has reasonable grounds to suspect, as specified in the Rules notified within 7 days of finding any Suspicious Transaction.

The suspicious transactions / alerts generated and received through Exchange; partnered Service provider will be reviewed by the PO and PO shall provide observations / recommendations to the team to determine whether such transactions / alerts should be reported to the FIU or not.

In reaching a decision concerning a suspicion report, the team should take reasonable steps to consider all relevant KYC information available within the Company concerning the person or business to which the said report relates. Below mentioned is the illustrative list of circumstances which may be in nature of suspicious transaction:

- a) Clients whose identity verification seems difficult or clients that appear not to cooperate
- b) Asset management services for clients where the source of the funds is not clear or not in keeping with 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, businesses reported to be in the nature of export- import of small items.

If, after completing this review, PO decides that there are grounds for knowledge, suspicion or reasons to suspect money laundering, then it will be reported as a Suspicious transaction Report in the format as prescribed under FIU-IND guidelines.

Accounts where suspicious transactions have been reported to the FIU-IND will be monitored closely and the records of such reporting and transactions shall be maintained and updated on regular basis. Following the reporting of a suspicious transaction, the Company shall continue to be vigilant in monitoring further transactions in such accounts.

### ➤ **Process of Identifying STR:**

Company has adhered to the parameters as laid down by FIU-IND which is a basis of formulating system of identification of STR:

- **Alert Generation:** Alerts shall be generated by Exchange and our partnered Service provider and this shall act as first step in identifying the STR and act as red flag for PO to further analyze and conclude whether the specific transaction is suspicious or not
- **Source of Alert:** The alerts so generated shall be: System Dependent, i.e. Company has partnered with service provider who shall generate alerts based on certain threshold transaction. . Further, DD will take efforts to create awareness amongst employees to report unusual transactions at Company level.
- **Review of Alert:** PO shall act in a very efficient and prudent manner while deciding whether certain transactions will fall in the criteria of STR or not and whether the same needs to be reported to FIU or not. In case, PO is of opinion that transaction is not STR, the reason for concluding the same needs to be recorded

The PO and DD shall be responsible for incorporating necessary controls within the Company through Information Technology Team for reviewing alerts and extracting the data of

Suspicious Transactions as per FIU-IND guidelines. The system shall be reviewed periodically to ensure that there is no glitch/error in the system.

#### **6E. MAINTENANCE AND PRESERVATION OF RECORDS**

The Company shall preserve the records pertaining to the identification of the Clients and their addresses (e.g., copies of documents like passports, identity cards, driving licenses, PAN, utility bills etc.) obtained during business relationship, for at least **eight years** after the business relationship is ended. The DD shall ensure that the records related to Suspicious Transactions are preserved and maintained, for a period of 10 (ten) years, from the date of transaction/reporting whichever is earlier.

Information collected from Clients shall not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the Client. Exceptions to the confidentiality of Client's information shall be as under:

- Where disclosure is under compulsion of law.
- Where there is a duty to the public to disclose.
- The interest of the Company requires disclosure.
- Where the disclosure is made with express or implied consent of the Client.

The team shall take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities.

Such records must be sufficiently reliable to permit reconstruction of individual transactions and to satisfy within a reasonable time any enquiries or orders from the relevant regulatory authorities as to disclosure of information.

Information mandatorily needs to be maintained: Company shall at all times maintain and preserve following information specifically for transactions which falls under the category of CTR and STR:

- nature of the transactions
- amount of the transaction and the currency in which it is denominated;
- date on which the transaction was conducted
- parties to the transaction
- all suspicious transactions, whether or not made in cash.

#### **6F. STAFF HIRING POLICY AND TRAINING PROGRAM**

Wealth Discovery Securities Pvt. Ltd. shall ensure that staff hired for the purposes of dealing with clients is suitable and competent for the job. Appropriate due diligence in the form of reference checks and other character checks should be conducted before a person is confirmed for the job. The steps taken to ascertain the background of the employee(s) must be documented.

Further, DD shall ensure that adequate training is imparted to all the concerned Officers handling sales/ transaction activities so as to ensure that the contents of the guidelines are understood and to develop awareness and vigilance to guard against money laundering and terrorist financing on an annual basis.

#### **6G. REVIEW OF THE POLICY**

The Company reserves the right to amend or modify this KYC/AML Policy in whole or in part at any time without assigning any reason whatsoever. Any such amendment will be made only after obtaining the requisite approvals.

## **6H. PROCEDURE FOR FREEZING AND UNFREEZING OF FUNDS, FINANCIAL ASSETS OR ECONOMIC RESOURCES OR RELATED SERVICES:**

In case any individual is found to be part of UAPA, UNSC, SEBI Debarred, Interpol, Exchange Defaulters, FCRA during our onboarding and continuous screening the financial assets or economic resources or related services which will be frozen within 24 hours of finding out of such instance and the same will be reported to the relevant authority.

In case 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 to the relevant authority within two working days and necessary actions will be taken accordingly.

As per SEBI circular SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/062 dated April 26, 2023, pertaining to Weapons of Mass Destruction (WMD), In the event that the particulars of any of our customers align with those of designated individuals/entities, we pledge to promptly report such instances. The full particulars of the funds, financial assets, or economic resources, including those in the form of securities held by such customers on our books, will be expeditiously communicated to the Chief Nodal Officer for WMD.

To ensure a swift and secure reporting process, the relevant particulars will be shared through both traditional mail and email. Specifically, the details are conveyed to the Chief Nodal Officer for the State of Maharashtra at [adg.sops@mahapolice.gov.in](mailto:adg.sops@mahapolice.gov.in), with a simultaneous notification via telephone at 7776060781.

Furthermore, a copy of this communication, will be reported online or through email ([sebi\\_uapa@sebi.gov.in](mailto:sebi_uapa@sebi.gov.in)) to the designated UAPA nodal officer of SEBI.

## **6I. ML/TF/ Sanctions**

Wealth Discovery Securities Pvt. Ltd. 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:

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

Wealth Discovery Securities Pvt. Ltd intermediaries shall use latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements.”

Last Review date: **April 25, 2024**

**Annexure -1**

<b>Sr. No</b>	<b>Client type and summary of information required</b>	<b>Documents required</b>
1	<b>Individuals</b>	<p>Permanent Account Number (Mandatory)  <b>AND</b>  Any one of the OVD (Proof of Identity and Address)  <b>AND</b>  Bank account information  <b>AND</b>  One recent photograph  <b>AND</b>  GST registration (if available)</p> <p><b>List of OVD:</b></p> <ol style="list-style-type: none"> <li>i. Passport,</li> <li>ii. Driver's license,</li> <li>iii. Proof of possession of Aadhaar number,</li> <li>iv. Voter's Identity Card issued by the Election Commission of India, or</li> <li>v. Any other valid Government issued form of identification. Where the OVD presented by a foreign national does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and a letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.</li> </ol> <p>Where the OVD furnished by the Client does not have an updated address, the following documents or the equivalent e-documents thereof shall be deemed to be OVDs for the limited purpose of proof of address:-</p> <ol style="list-style-type: none"> <li>i. Utility bill which is not more than two months old of any service provider (electricity, telephone, post- paid mobile phone, piped gas, water bill);</li> <li>ii. Property or municipal tax receipt;</li> <li>iii. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;</li> </ol>

		<p>iv. Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation.</p> <p>The Client shall submit OVD with current address within a period of three months after submitting the documents as specified above</p>
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The above documents would be accepted in any language specified in the Eighth Schedule of the Constitution of India. Documents in any language other than a scheduled language must be translated into English, and duly attested by a notary public or gazetted officer. Signatures by way of a thumb impression are to be duly attested by a notary public or gazetted officer. In the case of a minor, the ID proof should be that of the guardian and the address proof that is submitted should match with the address on the application form.

## Annexure -2

The following is the process to undertake Enhanced Due Diligence as per PMLA Act, 2002:

(a) verify the identity of the clients undertaking such specified transaction, by authentication under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016) in such manner and subject to such conditions, as may be prescribed

*Provided that where verification requires authentication of a person who is not entitled to obtain an Aadhaar number under the provisions of the said Act, verification to authenticate the identity of the client undertaking such specified transaction shall be carried out by such other process or mode, as may be prescribed;*

(b) take additional steps to examine the ownership and financial position, including sources of funds of the client, in such manner as may be prescribed;

(c) take additional steps as may be prescribed to record the purpose behind conducting the specified transaction and the intended nature of the relationship between the transaction parties.

(2) Where the client fails to fulfil the conditions as mentioned above, the Company shall not allow the specified transaction to be carried out.

(3) Where any specified transaction or series of specified transactions undertaken by a client is considered suspicious or likely to involve proceeds of crime, the reporting entity shall increase the future monitoring of the business relationship with the client, including greater scrutiny or transactions in such manner as may be prescribed.

*Explanation.* — For the purposes of this section, "specified transaction" means—

(a) any withdrawal or deposit in cash, exceeding such amount;

(b) any transaction in foreign exchange, exceeding such amount;

(c) any transaction in any high value imports or remittances;