

Formerly Known as o3 Securities Private Limited

BugleRock

BugleRock Capital Private Limited
(Stock Broking & Depository Services)

ANTI MONEY LAUNDERING POLICY

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1. Preamble

BugleRock Capital Private Limited (hereinafter referred to as BugleRock Capital Private Limited or “the Company”) is a company registered under the provisions of the Companies Act 1956 and is a SEBI registered Stock Broker having SEBI REGISTRATION NO.: INZ000291332, Member of BSE Limited (CM) and National Stock Exchange of India Limited (CM, F&O); a Depository Participant (CDSL): IN-DP-533-2010 and a SEBI registered Portfolio Manager: INP000005430.

2. Preface

This Policy has been prepared in accordance with the Prevention of Money Laundering Act, 2002 (PMLA Act). This policy also takes into account the recommendations made by the Financial Action Task Force and SEBI Guidelines on Anti-Money Laundering Standards. The list of key circulars/directives issued by FIU, SEBI and the indicative framework suggested by NSE and BSE regarding Know Your Customer (“KYC”), Customer Due Diligence (“CDD”), Anti Money Laundering (“AML”) and Combating the Financing of Terrorism (“CFT”) has been enumerated below.

Sr.No	Circular Number	Date of Circular	Subject	Broad Area Covered
1	SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091	June 16, 2023	Amendment to Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money-laundering Act, 2002 and Rules framed there under	The amendments pertain to revised thresholds for the ascertainment of beneficial ownership
2	SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/062	April 26, 2023	Procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 - Directions to stock exchanges and registered intermediaries.	Detailing the procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005
3	MINISTRY OF FINANCE	March 07, 2023	The Ministry of Finance, Department	The amendments

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	(Department of Revenue) - Gazette Notification - CG-DL-E-07032023-244194		of Revenue, Government of India notified the 2023 Amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005.	pertain to revised thresholds for the ascertainment of beneficial ownership
4	SEBI/ HO/ MIRSD/ MIRSD-SEC-5 / P/ CIR/ 2023/022	February 03, 2023	Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under	All Intermediaries registered with SEBI under Section 12 of the Securities and Exchange Board of India Act, 1992.
5	SEBI/HO/AFD-2/CIR/P/2022/175	December 19, 2022	Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors	Foreign Investors:- Identification of Beneficial ownership of the client
6	F.No. 9-2/2021/Intermediaries/FIU-IND	July 21, 2022	Supplemental Guidelines for detecting suspicious transactions under rule 7(3) of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 - reg.	Red Flag indicators (RFI's) Guidelines for identifying suspicious transactions by the Stock Brokers
7	SEBI/ HO/ MIRSD/ DOP/ CIR/ P/ 2019/113	October 15, 2019	Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under	All Intermediaries registered with SEBI under Section 12 of the Securities and Exchange Board of India Act, 1992.

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8	SEBI/HO/MIRSD/DOP/CIR/P/2019/69	May 28, 2019	Combating Financing of Terrorism (CFT) under Unlawful Activities (Prevention) Act, 1967 -Directions to stock exchanges, depositories and all registered intermediaries	Detailing the procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA), relating to the purpose of prevention of, and for coping with terrorist activities
9	SEBI/HO/MIRSD/DOSR1/CIR/P/2018/93	June 6, 2018	Amendments to Prevention of Money-laundering (Maintenance of Records) Rules, 2005	Making the Aadhaar number issued by the Unique Identification Authority of India (UIDAI) and Permanent Account Number (PAN) or Form No. 60 as defined in Income-tax Rules, 1962 mandatory for both new and existing accounts with the financial market intermediaries including securities market intermediaries.
10	SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2018/ 104	July 04, 2018	Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT)	The said Guidelines is applicable to all intermediaries registered

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			/Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under	under Section 12 of the Securities and Exchange Board of India Act, 1992
11	CIR/ IMD/ FPI&C/ 59/ 2016	June 10, 2016	Know Your Client (KYC) norms for ODI subscribers, transferability of ODIs, reporting of suspicious transactions, periodic review of systems and modified ODI reporting format	Applicability of Indian KYC/AML norms for Client Due Diligence, KYC Review, Suspicious Transactions Report, Reporting of complete transfer trail of ODIs, Reconfirmation of ODI positions, Periodic Operational Evaluation
12	F. No. 9-6/ AG-II/2012/FIU-IND	March 11, 2016	Guidelines for detecting suspicious transactions under rule 7(3) of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 - reg.	Red Flag indicators (RFI's) Guidelines for identifying suspicious transactions by the Stock Brokers
13	CIR/ IMD/ FIIC/ 11/ 2014	June 16, 2014	Know Your Client (KYC) requirements for Foreign Portfolio Investors (FPIs)	Process to be followed by DDPs to share the relevant KYC documents of FPIs with the banks and record of transfer of documents
14	CIR/ MIRSD/ 1/ 2014	March 12, 2014	Anti-Money Laundering/Counter ing the Financing of Terrorism	Consequential modifications and additions

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			(AML/CFT) Obligations of Securities Market Intermediaries under the Prevention of Money laundering Act, 2002 and Rules framed there under	to Master Circular CIR/ ISD/ AML/ 3/ 2010 dated December 31, 2010 in respect of Risk Assessment, Reliance on third party for carrying out Client Due Diligence (CDD), Record keeping requirements, Records of information reported to the Director, Financial Intelligence Unit - India (FIU-IND), Appointment of a Designated Director
15	CIR/ MIRSD/ 07 / 2013	September 12, 2013	Know Your Client Requirements for Eligible Foreign Investors	Partial modification to the provisions of circular No CIR/MIRSD/ 11 /2012 dated September 5, 2012, Classification of Eligible foreign investors investing under Portfolio Investment Scheme ('PIS') route as

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				Category I, II and III
16	CIR/ MIRSD/ 2/ 2013	January 24, 2013	Guidelines on Identification of Beneficial Ownership	Client Due Diligence to identify and verify the identity of persons who beneficially own or control the securities account for clients other than individuals or trusts and client which is a trust. Exemption in case of listed companies, Applicability for foreign investors and Implementati on
17	CIR/ MIRSD/ 01 /2013	January 04, 2013	Rationalization process for obtaining PAN by Investors	Verification the PAN of clients online at the Income Tax website
18	CIR/ MIRSD/ 11/ 2012	Septemb er 5, 2012	Know Your Client Requirements	Clarifications for Foreign Investors viz. FIIs, Sub Accounts and QFIs w.r.t. implementati on of SEBI circulars no. CIR /MIRSD/ 16/ 2011 dated August 22, 2011 and MIRSD/ SE/ Cir21/ 2011 dated October 5, 2011 on know

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				your client norms
19	MIRSD/ SE/ Cir-21/ 2011	October 5, 2011	Uniform Know Your Client (KYC) Requirements for the Securities Markets	Clarification w.r.t different KYC forms used by Market Intermediaries, Guidelines for KYC form capturing the basic details about the client and additional details specific to the area of activity of the intermediary being obtained
20	CIR/ MIRSD/ 16/ 2011	August 22, 2011	Simplification and Rationalization of Trading Account Opening Process	Client account opening Process, Client Account Opening Form, Rights & Obligations of stock broker, sub-broker and client for trading on exchanges Uniform Risk Disclosure Documents, Guidance Note detailing Do's and Don'ts for trading
21	CIR/ ISD/ AML/ 3/ 2010	December 31, 2010	Master Circular on AML/CFT	Anti - Money Laundering (AML) Standards/ Combating the Financing of Terrorism

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				(CFT) / Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under
22	ISD/ AML/ CIR-2/ 2009	October 23, 2009	Directives on CFT under Unlawful Activities (Prevention) Act, 1967	Procedure to be followed for the freezing of assets of individual or entities engaged in terrorism
23	ISD/ AML/ CIR-1/ 2009	September 01, 2009	Additional AML/ CFT obligations of Intermediaries under PMLA, 2002 and rules framed	Additional AML/ CFT requirements and clarifications thereon
24	ISD/ AML/ CIR1/ 2008	December 19, 2008	Master Circular on AML/ CFT directives	Framework for AML/ CFT including procedures for CDD, client identification, record keeping & retention, monitoring and reporting of suspicious transactions.
25	ISD /CIR/ RR/ AML/ 2/ 06	March 20, 2006	PMLA Obligations Of intermediaries in terms of Rules notified there under	Procedure for maintaining and preserving records, reporting requirements and formats of reporting cash

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				transactions and suspicious transactions
26	ISD/ CIR/ RR/ AML/ 1/ 06	January 18, 2006	Directives on AML Standards	Framework for AML and CFT including policies and procedures, Client Due Diligence requirements, record keeping, retention, monitoring and reporting

2.1 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. AML Policy Objectives:

The key AML objectives of the Company are:

- ❖ To prevent the Company's business channels/ products/ services from being used as a channel for ML.
- ❖ To establish a framework for adopting appropriate AML procedures and controls in the operations/business processes of the Company.
- ❖ To ensure compliance with the laws and regulations in force from time to time.
- ❖ To protect the Company's reputation.
- ❖ To assist law enforcement agencies in their efforts to investigate and track money launderers.
- ❖ To lay down AML compliance norms for the employees of the Company.

4. What is Money Laundering?

- ❖ Money Laundering can be defined as engaging in financial transactions that involve income derived from criminal activity, transactions designed to conceal the true origin of criminally derived proceeds and appears to have been received through legitimate sources/origins.
- ❖ This is done in three phases - Placement Phase, Layering Phase & Integration Phase.

5. 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 there under 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 identity of clients, maintain records and furnish information to the Financial Intelligence Unit (FIU) – INDIA

6. Financial Intelligence Unit (FIU) – INDIA

- ❖ The Government of India set up 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.

7. Policy of BugleRock Capital Private Limited

- ❖ BugleRock Capital Private Limited (hereinafter referred to as “Bugle Rock Capital” or “the company”) has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame-work to report cash and suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002. This policy is applicable to BugleRock Capital Private Limited Employees.
- ❖ BugleRock Capital 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 five years from the date of the transaction between the client and the intermediary.

8. Objective of AML Guidelines

- ❖ The purpose of this document is to guide all the employees of BugleRock Capital Private Limited and employees of its associates on the steps that they are required to take and implement to prevent and identify any money laundering or terrorist financing activities. It shall be the responsibility of each of the concerned employees that they should be able to satisfy themselves that the measures taken by them are adequate, appropriate and follow the spirit of these measures and the requirements as enshrined in the "Prevention of Money Laundering Act, 2002".
- ❖ Some of these suggested measures may not be applicable to every circumstance or to each department and Branch. However, each entity should carefully consider the specific nature of its business, type of customer and transaction to satisfy itself that the measures taken by the employees are adequate and appropriate to follow the spirit of these guidelines.

9. IMPLEMENTATION OF PMLA REQUIREMENTS FOR COMPANY’S ACTIVITIES:

- ❖ The Company is into the following activities:
 - a) **Portfolio Management Services (PMS):** BugleRock Capital Private Limited provides Discretionary Portfolio Management, Non-Discretionary Portfolio Management and Advisory services to its clients. Appropriate Customer Due Diligence shall be carried out in respect of such clients whether registered with SEBI or not. Further, the trades of such clients shall be monitored and suspicious transactions, if any, shall be duly reported in accordance with this Policy. However, the company follows and implements strict KYC norms before onboarding any such clients.

- b) **Retail / Wealth Broking:** The Company shall follow and implement strict KYC norms before enlisting clients. The Company shall also ensure that all trades are settled through the banking channels and that all shares are electronically transferred to the beneficial owner through the settlement systems of the exchanges.
- c) **Depository Participant (DP):** DP activity involves the transfer of shares and that shares have monetary value, As such, DP activity has been brought within the purview of the PMLA Policy. KYC norms for opening accounts shall be followed in DP Division as entailed in Retail Division. The Company shall ensure that all trades are settled through the banking channels and that all shares are electronically transferred to the beneficial owner through settlement systems of the exchanges. In certain cases, the shares are transferred from one account to another by way of Physical Delivery Instruction Slips. However, in order to monitor transactions in dormant accounts, alerts would be generated and immediately reported to the Risk Management and the Compliance Department.

10. Appointment of Designated Director and Principal officer

APPOINTMENT OF A DESIGNATED DIRECTOR AND PRINCIPAL OFFICER FOR REPORTING OF SUSPICIOUS TRANSACTIONS.

❖ Designated Director

The Company has appointed Designated Director who oversees the overall business & operations of the Company including implementation of Prevention of Money Laundering Rules, as the Designated Director of the Company under the Prevention of Money Laundering Act, 2002 and Rules framed there under who shall be responsible for ensuring overall compliance with the obligations imposed under chapter IV of the Act and the Rules.

The Company shall communicate the details of the Designated Director, such as, name, designation and address to the Office of the Director, FIU-IND.

❖ Principal Officer

The Company has designated one of the Designated Director of broking operations as the Principal Officer who shall act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors.

Illustrative duties of Principal Officer will be as follows:

- ♣ Monitoring the implementation of Anti Money Laundering Policy
- ♣ Timely reporting of transactions and sharing of information as required under the law
- ♣ Liaisoning with law enforcement agencies
- ♣ Providing clarifications to staff members on the provisions of the Act, Rules, Guidelines and the policy of the company.

11. PROCEDURES TO COMBAT MONEY LAUNDERING & TERRORIST FINANCING:

The Customer Due Diligence Process includes three specific parameters:

- A. Policy for Acceptance of Clients
- B. Client Identification Procedure

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C. Other Due Diligence

D. Suspicious Transactions identification, monitoring & reporting.

A. CUSTOMER ACCEPTANCE POLICY:

The Customer Acceptance norms specified herein below shall be applicable to clients sourced directly by employees of the company.

Sales person sourcing clients for BUGLEROCK CAPITAL PRIVATE LIMITED shall be required to adhere to the requirements specified herein below that are aimed to identify the types of clients that are likely to pose a higher than the average risk of money laundering or terrorist financing:

- 1. In-person verification:** In person verification (the "IPV") shall be mandatory for all clients. Accounts shall be opened only for those persons whose in-person verification has been done as per the SEBI/Stock Exchange/Depository or other regulations in this regard. The client should visit the branch of BUGLEROCK CAPITAL PRIVATE LIMITED or the authorised official may visit the client at the residence/office to complete the in-per verification procedures.
- 2. KYC Procedures:** Accept only clients in respect of whom complete KYC procedures have been completed. Client's account shall not be opened in case the client fails to submit any required documents as per Customer Identification Policy below:
 - ♣ Documents shall be accepted as per the checklists given from time to time
 - ♣ Photocopies submitted by the clients shall be compulsorily verified with original
 - ♣ All details in the form shall be filled in by the clients without fail
 - ♣ There shall be no compromise on submission of mandatory information – Accounts should not be opened here if the client refuses to provide information/documents.
- 3. Benami Accounts:** No account should be opened in a fictitious / benami name or on an anonymous basis.
- 4. Debarred Clients:** Before opening of clients accounts, check should be done to verify whether the client's name matches with names in any of the following lists:
 - ♣ SEBI Debarred List
 - ♣ UNSC
 - ♣ PEP
 - ♣ OFAC (Office of Foreign Access and Control given by US Treasury Dept.)
 - ♣ FATF
 - ♣ Watch out Investors- www.watchoutinvestors.com
 - ♣ NSE Arbitration
 - ♣ Such other list that may be specified by the Regulators/Compliance Department from time to time

Accounts should not be opened of client with known criminal background.

5. Designated Individuals/Entities:

An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions

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(UNSCRs) can be accessed at its website at <http://www.un.org/sc/committees/1267/consolist.shtml>.

BUGLEROCK CAPITAL PRIVATE LIMITED must ensure that accounts are not opened in the name of anyone whose name appears in the said list. BUGLEROCK CAPITAL 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 shall immediately be intimated to SEBI and FIU-IND.

6. Additional Segment Activation

For all clients applying for trading rights in the futures and options segments, further details/documents substantiating ownership of Assets would be required. Illustrative list is as follows:

1. Copy of ITR acknowledgement.
2. In case salary income- Salary Slip, Copy of Form 16
3. Copy of demat account holding Statement
4. Networth Certificate
5. Bank Account Statement for the last 6 months
6. Self Declaration with relevant supporting documents

7. Clients of Special Category:

Due care shall be taken while accepting clients of Special Category.

Clients of Special Category include but shall not be limited to the following-

- i. Non- resident clients
- ii. High net-worth clients
- iii. Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations
- iv. Companies having close family shareholdings or beneficial ownership
- v. Politically Exposed Persons (PEP)
(i.e. Individuals who have been entrusted with prominent public functions by a foreign country, including the heads of States or Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials;”.
- vi. Companies offering foreign exchange offerings.
- vii. Clients in high risk countries
(i.e - where existence / effectiveness of money laundering controls is suspect 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 Havens/ sponsors of international terrorism offshore financial centers, tax havens, countries where fraud is highly prevalent.
- viii. Non face to face clients
- ix. Clients with dubious reputation as per public information available etc.

❖ Treatment of Accounts of Clients of Special Category:

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1. NRI: While opening NRI account utmost care should be exercised. While opening an NRI Repatriable or NRI Non Repatriable inter alia, following documents should be collected from the clients:

NRI Repatriable/Non Repatriable

1. PAN Card Copy
2. Passport Copy
3. Indian Address Proof
4. Cancelled Cheque copy of NRE A/c
5. PIS Permission issued from RBI.
6. NRI Address Proof
7. Bank Statement Copy.
8. Client Master Copy for demat account.
9. Tax Residency proof

2. High Networth Clients: High networth 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 appetite for investment is high.

3. Trust, Charity and NGOs: Both public as well private, registered as well un registered trust will have to be classified in the Special Category. Any Charitable or Nongovernmental organization or a Non Profit Organization

(Non-profit organization" means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013);" will be also classified herein.

Rule 9(9A):- Every Banking Company or Financial Institution or intermediary, as the case may be, shall register the details of a client, in case of client being a non-profit organisation, on the DARPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for a period of five years after the business relationship between a client and a reporting entity has ended or the account has been closed, whichever is later.

4 Close family shareholdings or Beneficial Ownership: In case of close family shareholdings the objective is to understand whether the beneficiaries of two or more accounts, which may also be opened at different times are same, then both need to be marked under this special category.

5. Politically Exposed Persons: In case of PEPs, the account should be opened only after consent of the senior management and 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 a PEP, registered intermediaries shall obtain senior management approval to continue the business relationship. BUGLEROCK CAPITAL PRIVATE LIMITED shall verify the sources of funds of the PEP by obtaining bank statements from time to time.

6. Company offering foreign Exchanges: At the account opening stage if the individual or the entity is registered foreign exchange dealer, then the same may be categorized.

7. Client in High Risk Country: No accounts shall be opened if received from a client who was residing in a high risk jurisdiction and may have investment proceeds which may have also originated from these countries. The list may be obtained from the Financial Action Task Force (FATF) statements

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that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org).

8. Client with dubious Public Reputation: If a client's reputation during the opening of the account or post opening the account is known to be not good, then the same is marked in this special category.

The parameters of risk perception in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc shall be captured at the account opening stage to enable categorization of customers into low, medium and high risk.

BUGLEROCK CAPITAL PRIVATE LIMITED has indicative categories of customers which would fall into low, medium and high risk categories (**Annexure-I**).

The list shall be updated with approvals from Compliance and Business groups.

For the purpose of risk categorization, individuals/entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, shall be categorized as low risk.

Illustrative examples of low-risk customers are as follows:

- ♣ Salaried employees whose salary structures are well defined;
- ♣ Government Departments and Government owned companies;
- ♣ Regulators and statutory bodies; etc.

Customers that are likely to pose a higher-than-average risk to BUGLEROCK CAPITAL PRIVATE LIMITED shall be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc.

BUGLEROCK CAPITAL PRIVATE LIMITED shall apply Customer Due Diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear.

While the profile of the customer is captured in the account opening form, Client Profile sheet is also prepared at the account opening stage for all accounts (individual / non individual). The Client Profile sheet is an addendum to the account opening form and captures in further detail the profile of the customer, especially the expected transaction pattern of the account.

❖ **REVIEW OF RISK CATEGORIZATION OF ACCOUNTS (Risk Assessment)**

BugleRock Capital Private Limited shall put in place a system of periodical review of risk categorization of accounts. Such review of risk categorisation of customers shall be carried out at a periodicity of not less than once financial year.

BugleRock Capital Private Limited shall be undertaking a review of all accounts existing as on 31st March every year.

BugleRock Capital Private Limited will do the review of risk categorization on the following criteria /basis as specified in **Annexure - II**.

B. CUSTOMER IDENTIFICATION POLICY:

The following Customer Identification Norms shall be adhered to in respect of all new clients to establish the identity of the client along with firm proof of address to prevent opening of account which is fictitious/benami/anonymous in nature.

SEBI/the Stock Exchanges/the Depositories and other regulatory authorities under which BugleRock Capital Private Limited is governed from time to time specify various KYC norms/guidelines that have to be adhered to in order to be able to Identify Customers. Such Norms and guidelines should be followed scrupulously at the time of customer acceptance.

Further given below is a list of Basic Requirements to be obtained from Individual and non- individual clients at the time of account opening.

♣ **Proof of Identity (POI):**

Every client would be identified based on only photo identity as prescribed under applicable KYC norms. The PAN Card which is mandatory and the Aadhaar number issued by the Unique Identification Authority of India, would also serve as a proof of photo identity and proof of address. Other Identity proofs which might be collected for verification are as under:

- I. Passport
- II. Voter ID Card
- III. Driving license

1. If an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar and in case Permanent Account Number is not submitted an officially valid document shall be submitted. (Photograph need not be submitted by a client falling under above (i) and (ii).

Where the client is an individual, who is not eligible to be enrolled for an Aadhaar number, he shall for the purpose of sub-rule (1), submit to the reporting entity, the Permanent Account Number or Form No. 60 as defined in the Income-tax Rules, 1962. Provided that if the client does not submit the Permanent Account Number, he shall submit one certified copy of an 'officially valid document' containing details of his identity and address, one recent photograph and such other documents including in respect of the nature or business and financial status of the client as may be required by the reporting entity.

IV. Identity card/document with applicant's Photo, issued by a) Central/State Government and its Departments, b) Statutory/Regulatory Authorities, c) Public Sector Undertakings, d) Scheduled Commercial Banks, e) Public Financial Institutions, f) Colleges affiliated to Universities (**this can be treated as valid only till the time the applicant is a student**), g)

Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members, and h) Credit cards/Debit cards issued by Banks.

♣ **Proof of Address (POA):**

The address of the Client would be verified from one of the following:

- I. Ration card
- II. Passport
- III. Voter ID Card
- IV. Driving license
- V. Bank passbook / Bank Statement
- VI. Unique Identification Number (UID) (Aadhar Card)

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VII. Verified copies of a) Electricity bills (**not more than two months old**), b) Residence Telephone bills (**not more than two months old**) and c) Leave and License agreement / Agreement for sale.

VIII. Self-declaration by High Court & Supreme Court judges, giving the new address **in respect of their own accounts**.

IX. Identity card/document with address, issued by a) Central/State Government and its Departments, b) Statutory/Regulatory Authorities, c) Public Sector Undertakings, d) Scheduled Commercial Banks, e) Public Financial Institutions, f) Colleges affiliated to Universities (**this can be treated as valid only till the time the applicant is a student**) and g) Professional Bodies such as ICAI, ICWAI, Bar Council etc., to their Members.

In reference to the circular issued by CVL KRA having reference no CVL/OPS/INTERM/GENRL/22-153 dated December 13, 2022 on "Officially Valid Documents"

W.E.F 1st January 2023 onwards, only officially valid documents (OVD) shall be accepted as proof of address for KRA KYC.

The list of Officially Valid Documents is as under:

1. Proof of possession of Aadhaar
2. Driving License
3. Passport
4. Voter ID
5. NREGA Job Card
6. National Population Register (NPR) letter.

In case of officially valid document furnished by the client does not contain updated address, the following documents shall be deemed to be officially valid documents for the limited purpose of proof of address:

1. Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill)
2. Property or Municipal tax receipt
3. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address
4. 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:
5. 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:

Provided that the client shall submit updated officially valid document with current address within a period of three months of submitting the above documents.

Any document other than the ones listed above shall not be accepted as proof of address for KRA KYC purposes.

In case of Non-Individuals, additional documents to be obtained from non- individuals, over & above the POI & POA, as mentioned below:

Types of entity	Documentary requirements
Corporate	• Copy of the balance sheets for the last 2 financial years (to be submitted every year). • Copy of latest share holding pattern

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	including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year). • Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations. • Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly. • Copies of the Memorandum and Articles of Association and certificate of incorporation. • Copy of the Board Resolution for investment in securities market. • Authorised signatories list with specimen signatures. 2. Certified copies of i) Aadhar and ii) PAN or Form 60 as defined in Income Tax Act, 1962, issued to managers, officers or employees holding an attorney to transact on the Company's behalf, if an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar or officially valid document shall be submitted and in case Permanent Account Number is not submitted an officially valid document shall be submitted. Provided that for the purpose of this clause if the managers, officers or employees holding an attorney to transact on the company's behalf are not eligible to be enrolled for Aadhaar number and do not submit the Permanent Account Number, certified copy of an officially valid document shall be submitted. Rule 9(6)(v) - Documents to be submitted to reporting entity when the client is a company “the names of the relevant persons holding senior management position; - and - the registered office and the principal place of its business, if it is different.”
Partnership firm	• Copy of the balance sheets for the last 2 financial years (to be submitted every year). • Certificate of registration (for registered partnership firms only). • Copy of partnership deed. • Authorised signatories list with specimen signatures. • Photograph, POI, POA, PAN of Partners. • Certified copies of i) Aadhar and ii) PAN or Form 60 as defined in Income Tax Act, 1962, issued to the person holding an attorney to transact on its behalf, if an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar or officially valid document shall be submitted and in case Permanent Account Number is not submitted an officially valid document shall be submitted. Provided that for the purpose of this clause, if the person holding an attorney to transact on the company's behalf is not eligible to be enrolled for Aadhaar number and does not submit the Permanent Account Number, certified copy of an officially valid document shall be submitted. Rule 9 (7)(iv) Documents to be submitted to reporting entity when the client is a partnership firm

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	- the names of all the partners and address of the registered office, of its business, if it is different.
Trust	• Copy of the balance sheets for the last 2 financial years (to be submitted every year). • Certificate of registration (for registered trust only). • Copy of Trust deed. • List of trustees certified by managing trustees/CA. • Photograph, POI, POA, PAN of Trustees. Certified copies of i) Aadhar and ii) PAN or Form 60 as defined in Income Tax Act, 1962, issued to the person holding an attorney to transact on its behalf, if an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar or officially valid document shall be submitted and in case Permanent Account Number is not submitted an officially valid document shall be submitted. Provided that for the purpose of this clause if the person holding an attorney to transact on the company's behalf is not eligible to be enrolled for Aadhaar number and does not submit the Permanent Account Number, certified copy of an officially valid document shall be submitted. Rule 9(8)(iv) - Documents to be submitted to reporting entity when the client is a trust - the names of the beneficiaries, trustees, settlor and authors of the trust and the address of the registered office of the trust; and - list of trustees and documents as are required for individuals under sub-rule (4) for those discharging role as trustee and authorised to transact on behalf of the trust
HUF	• PAN of HUF. • Deed of declaration of HUF/ List of coparceners. • Bank pass-book/bank statement in the name of HUF. • Photograph, POI, POA, PAN of Karta.
Unincorporated association or a body of Individuals	• Proof of Existence/Constitution document. • Resolution of the managing body & Power of Attorney granted to transact business on its behalf. • Authorized signatories list with specimen signatures. 4. Certified copies of i) Aadhar and ii) PAN or Form 60 as defined in Income Tax Act, 1962, issued to the person holding an attorney to transact on its behalf, if an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar or officially valid document shall be submitted and in case Permanent Account Number is not submitted an officially valid document shall be submitted. Provided that for the purpose of this clause if the person holding an attorney to transact on the company's behalf is not eligible to be enrolled for Aadhaar number or officially valid document shall be submitted and does not submit the Permanent Account Number, certified copy of an officially valid document shall be submitted.
Banks/Institutional Investors	• Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years. • Authorized signatories list with specimen signatures.

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Army/ Government Bodies	• Self-certification on letterhead. • Authorized signatories list with specimen signatures.
Registered Society	• Copy of Registration Certificate under Societies Registration Act. • List of Managing Committee members. • Committee resolution for persons authorised to act as authorised signatories with specimen signatures. • True copy of Society Rules and Bye Laws certified by the Chairman/Secretary
Alternate Investment Fund(AIF)	• Entity proof and Address proof of the Entity. • Agreement between the Investment manager and the entity if an investment manager is appointed. • Resolution on the entity letter head for opening a current account in the name of the AIF. • SEBI registration certificate in the name of the Fund. • PAN card of the Fund
Alternate Investment Fund(AIF) scheme	• Entity proof and Address proof of the Entity. • Agreement between the Investment manager and the entity if an investment manager is appointed. • Resolution on the entity letter head for opening a current account in the name of the AIF. • SEBI registration certificate in the name of the Fund. • PAN card of the Fund. • Place memorandum and fee receipt for the scheme. (Fee receipt not applicable if it's the first scheme). • PAN of the scheme.

Basic KYC Norms to be followed for verification / scrutiny

- The photograph in the PAN card and in any other address proof which contains a photograph must match. This should be followed to ensure that no account is opened in anonymous or fictitious names.
- As per SEBI, Depository, Exchange guidelines, all Address and Identification proofs, should be verified with the originals by any of the employees of BUGLEROCK CAPITAL PRIVATE LIMITED. Care should be taken that the employee, who is verifying the copies of the proofs, should be competent to do the same.
- In-Person verification of Applicant (s) made compulsory as per Exchanges and Depository norms should be done by an employee of BUGLEROCK CAPITAL PRIVATE LIMITED only or as specified by the Regulators from time to time. The person conducting verification should visit the address provided by the applicant (s) and complete in person verification.
- Proof should be collected for both permanent address and correspondence address and the same should be verified with originals.
- Notwithstanding the above, the Company should prohibit doing business with any individual or entity whose identity cannot be determined or who refuses to provide information or who have provided information that contains significant inconsistencies which cannot be resolved after due investigation.
- Verify whether any of the existing Client or new Applicant, falls within the UN sanction list and/ or is debarred by SEBI from dealing in securities. In this case, if any of the existing Client falls in either of the categories, the said Client would be suspended from trading immediately & the matter would be reported to the concerned Regulatory Authority if required. In case of new

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applicant falling within the category, such account should not be opened. Clients name in the regulatory orders issued by the exchanges on a day to day basis should be barred from trading with immediate effective.

- g) In case of Non Resident clients, remittance only from authorized banking channels will be accepted.
- h) Clients should not be activated to trade in derivative segment unless the clients submit a valid proof of financial information.
- i) For 'Know Your Client' requirements in case of foreign investors viz. Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, BUGLEROCK CAPITAL PRIVATE LIMITED shall be guided by the clarifications issued vide SEBI circulars CIR/MIRSD/11/2012 dated September 5, 2012 and CIR/ MIRSD/ 07/ 2013 dated September 12, 2013, for the purpose of identification of beneficial ownership of the client.

C. OTHER DUE DILIGENCE:

- ❖ Any communication in respect of the Client shall be with the Client only.
- ❖ Trade Orders/Instructions shall be accepted from the Client only.
- ❖ In case the client wishes to authorise a third party to give trade orders/instructions to the company in the client's account, a duly notarized Power of Attorney/Proxy Letter shall be provided by the Client and KYC documents like Proof of Identity, Proof of Address and Relationship with the client of such authorised person shall be obtained.
- ❖ Obtaining sufficient information in order to identify persons who beneficially own or control the securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party shall be identified using Customer 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. Understand the ownership and control structure of the client; The client identification criteria to be followed for various categories of non-individual as per SEBI Circular dated Jan 24, 2013 ; CIR/MIRSD/2/2013 is given below :

❖ In case of Company, Partnership or Unincorporated Association/Body of Individuals, the Intermediary:

BUGLEROCK CAPITAL PRIVATE LIMITED shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

- 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.

As per MINISTRY OF FINANCE (Department of Revenue) – Gazette Notification – CG-DL-E-07032023-244194 dated March 07, 2023 has advised percentage of change in controlling ownership interest as per the principal rules, in rule 9, - (i) in sub-rule (3) -

Explanation: Controlling ownership interest means ownership of/entitlement to:

- I. Rule 9(3)(a) more than 10% of shares or capital or profits of the juridical person, where the juridical person is a company;

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- II. more than 15% 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 (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. Explanation: 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 (a) or (b) above, the identity of the relevant natural person who holds the position of senior managing official.

❖ **In case client is a trust:**

Rule 9(3)(e):- BUGLEROCK CAPITAL PRIVATE LIMITED shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 10% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

❖ **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.

❖ **In case client is foreign investors:**

♣ for the purpose of identification of beneficial ownership of the foreign investors' viz., Foreign Institutional Investors, BUGLEROCK CAPITAL PRIVATE LIMITED shall identify beneficial owners with shareholding or beneficial interest in the client equal to or above 25%. If Global Custodian /Local Custodian provides an undertaking to submit these details, then BUGLEROCK CAPITAL PRIVATE LIMITED shall take such undertaking only. In this context BUGLEROCK CAPITAL PRIVATE LIMITED shall rely on the clarifications issued by SEBI vide its circular CIR/MIRSD/11/2012 dated September 5, 2012.

♣ 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; and

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

KYC carried out by KYC Registration Agencies registered with SEBI shall be accepted as a valid KYC for onboarding a client provided due process in relation to the same under the regulations are followed.

D. RELIANCE ON THIRD PARTY FOR CARRYING OUT CLIENT DUE DILIGENCE (CDD)

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BUGLEROCK CAPITAL PRIVATE LIMITED may rely on a third party for the purpose of

- a) Identification and verification of the identity of a client and
- b) Determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. 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. Further, it is clarified that BUGLEROCK CAPITAL PRIVATE LIMITED shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

E. MONITORING TRANSACTIONS AND ONGOING DUE DILIGENCE AND SCRUTINY

- ♣ At regular interval, ongoing due diligence and scrutiny shall be conducted 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 Organization's knowledge of the client, its business and risk profile, taking into account, where necessary, the customer's source of funds.
- ♣ BUGLEROCK CAPITAL PRIVATE LIMITED shall apply higher levels of due diligence when an account is operated by a Power of attorney holder or where an account is opened by an intermediary in fiduciary capacity.
- ♣ KYC documents will be taken for both the mandate holder/intermediary in fiduciary capacity and the account holder.

F. PERIODICITY OF UPDATION OF DOCUMENTS OBTAINED DURING ACCOUNT OPENING:

- ♣ KYC exercise to be done at least every two years for high risk customers, every eight years for medium risk customers and every ten years for low risk customers. Full KYC includes all measures for confirming identity and address and other particulars of the customer that the BUGLEROCK CAPITAL PRIVATE LIMITED considers necessary based on the risk profile of the customer.
- ♣ KYC exercise including but not limited to Positive confirmation (obtaining KYC related updates through e-mail / letter / etc/Website updation) for confirming identity & address & other particulars of client.
- ♣ The time limits prescribed above would apply from the date of opening of the account/ last verification of KYC.

G. SUSPICIOUS TRANSACTIONS IDENTIFICATION, MONITORING& REPORTING

- ♣ The Suspicious Transaction Report (STR) shall be furnished 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/her 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 once a suspicious transaction report is received from a branch or any other office. Such report shall be made available to the competent authorities on request.
- ♣ While determining suspicious transactions, BUGLEROCK CAPITAL PRIVATE LIMITED shall be guided by definition of suspicious transaction contained in the Rules as amended from time to time.

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- ♣ An indicative list of suspicious activities contained is provided along with this policy. (**Annexure III**)
- ♣ While ensuring that there is no tipping off to the customer at any level, BUGLEROCK CAPITAL PRIVATE LIMITED may put restrictions on operations in the accounts where an STR has been made.

H. Suspicious transactions reporting to Financial Intelligence Unit-India (FIU-IND)

In terms of the Rules, BUGLEROCK CAPITAL PRIVATE LIMITED shall report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) in respect of transactions referred to in Rule 3 at the following address or any other address as may be specified by FIU from time to time:

Director, FIU-IND, Financial Intelligence Unit-India,
6th Floor, Hotel Samrat, Chanakyapuri,
New Delhi -110021, India
Website:<http://fiuindia.gov.in>

12. MAINTENANCE OF RECORDS OF TRANSACTIONS / INFORMATION TO BE PRESERVED **MAINTENANCE AND PRESERVATION OF RECORDS**

♣ Government of India, Ministry of Finance, Department of Revenue, vide its notification dated July 1, 2005 in the Gazette of India, has notified the Rules under the PMLA Act. In terms of the Rules, the provisions of PMLA Act, 2002 came into effect from July 1, 2005.

♣ Section 12 of the PMLA, 2002 casts certain obligations on financial institutions in regard to preservation and reporting of customer account information.

❖ Maintenance of records of transactions:

♣ BUGLEROCK CAPITAL PRIVATE LIMITED shall have a system of maintaining proper record of all transactions including records of all transactions prescribed under Rule 3 of the Rules, as mentioned below:

- (a) all cash transactions of the value of more than Rupees Ten Lakh or its equivalent in foreign currency;
- (b) all series of cash transactions integrally connected to each other which have been valued below Rupees Ten Lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds Rupees Ten Lakh;
- (c) all transactions involving receipts by non-profit organisations of value more than rupees ten lakh, or its equivalent in foreign currency;

❖ Information to be preserved:

♣ BUGLEROCK CAPITAL PRIVATE LIMITED shall maintain and preserve the following information in respect of transactions referred to in Rule 3 of the Rules including all necessary information specified by the regulator to permit reconstruction of individual transactions in respect of transactions referred to in Rule 3 of the Rules:

- (a) the nature of the transactions;
- (b) the amount of the transaction and the currency in which it was denominated;

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(c) the date on which the transaction was conducted; and (d) the parties to the transaction.

In cases of any suspicion of laundered money or terrorist property, BUGLEROCK CAPITAL PRIVATE LIMITED shall retain the following information for the accounts of its clients in order to maintain a satisfactory audit trail:

- a) the beneficial owner of the account;
- b) the volume of the funds flowing through the account; and
- c) for selected transactions:
 - i. the origin of the funds
 - ii. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.
 - iii. the identity of the person undertaking the transaction;
 - iv. the destination of the funds;
 - v. the form of instruction and authority.

❖ **Retention of records**

♣ The data / records are to be maintained for at least eight years in hard form or non tamperable soft form from the date of cessation of transaction between BugleRock Capital Private Limited and the client. Further, records pertaining to identification of the client and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN, utility bills etc.) obtained while opening the account and during the course of business relationship, are to be properly preserved for at least eight years after the business relationship is terminated. Records related to investigations to be kept for **8 years** from the date of transaction between the client and BugleRock Capital Private Limited.

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

13. 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 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.

♣ Accordingly, the aforesaid obligations shall be followed by BUGLEROCK CAPITAL PRIVATE LIMITED to ensure the effective and expeditious implementation of said Order which has been issued vide SEBI Circular ref. no: ISD/AML/CIR-2/2009 dated October 23, 2009 on "Combating Financing of Terrorism (CFT) under Unlawful Activities (Prevention) Act, 1967" and subsequently master circular SEBI/HO/MIRSD/DOS3/CIR/P/2018/104 dated July 04, 2018 on "Guidelines on Anti-

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Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under”.

14. PROCEDURE FOR UNFREEZING OF FUNDS, FINANCIAL ASSETS OR ECONOMIC RESOURCES OR RELATED SERVICES:

- ♣ 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 Company. On receipt of such request the Company shall inform and forward a copy of the application together with full details of the asset frozen to the nodal officer of IS-I Division of Ministry of Home Affairs (MHA) at Fax No.011-23092569 and also convey over telephone on 011-23092736. The particular apart from being sent by post should necessarily be conveyed through e-mail at jsis@nic.in.

15. Section 12A of the Weapons of Mass Destruction and their Delivery Systems

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 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems, the Central Government shall have power to –

- a) Freeze, seize or attach funds or other financial assets or economic resources
 - i. owned or controlled, wholly or jointly, directly or indirectly, by such person; or
 - ii. held by or on behalf of, or at the direction of, such person; or
 - iii. derived or generated from the funds or other assets owned or controlled, directly or indirectly, by such person;
- b) prohibit any person from making funds, financial assets or economic resources or related services available for the benefit of persons related to any activity which is prohibited under the WMD Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems.
- c) The Central Government may exercise its powers under this section through any authority who has been assigned the power under subsection (1) of section 7.”

The registered intermediaries shall:

- a. Maintain the list of individuals/entities (“Designated List”) and update it, without delay, in terms of Central Government Order.
- b. verify if the particulars of the entities/individual, party to the financial transactions, match with the particulars of the Designated List and in case of match, stock exchanges and registered intermediaries shall not carry out such transaction and shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Chief Nodal Officer (“CNO”), without delay.
- c. run a check, on the given parameters, at the time of establishing a relation with a client and on a periodic basis to verify whether individuals and entities in the Designated List are holding any funds, financial assets or economic resources or related services, in the form of bank accounts, stocks, insurance policies etc. In case, the clients’ particulars

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- match with the particulars of Designated List, stock exchanges and registered intermediaries shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or insurance policies etc., held on their books to the CNO, without delay.
- d. send a copy of the communication, mentioned in paragraphs 4(ii) and 4(iii) above, without delay, to the Nodal Officer of SEBI. The communication shall be sent to SEBI through post and through email (sebi_uapa@sebi.gov.in) to the Nodal Officer of SEBI, Deputy General Manager, Division of FATF, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.
 - e. prevent such individual/entity from conducting financial transactions, under intimation to the CNO, without delay, in case there are reasons to believe beyond doubt that funds or assets held by a client would fall under the purview of Section 12A (2)(a) or Section 12A(2)(b) of the WMD Act.
 - f. file a Suspicious Transaction Report (STR) with the FIU-IND covered all transactions in the accounts, covered under paragraphs b and c above, carried through or attempted through.

16. CUSTOMER EDUCATION / EMPLOYEES' TRAINING / EMPLOYEES'HIRING:

♣ Implementation of KYC procedures requires BUGLEROCK CAPITAL PRIVATE LIMITED to demand certain information from customer which may be of personal nature or which has hitherto never been called for. This sometimes leads to a lot of questioning by the customer as to the motive and purpose of collecting such information. The Team Leaders/ Relationship Managers shall explain to the customers the regulatory requirements and benefits of adhering to the KYC guidelines and seek co-operation of the customer.

♣ BUGLEROCK CAPITAL PRIVATE LIMITED shall have an ongoing employee training programmes so that the members of the staff are adequately trained in KYC/AML procedures and fully understand the rationale behind the KYC/AML policies and implement them consistently.

♣ Further, Compliance department should periodically sensitize the staffs with regards to compliance norms and the amendments in law from time to time.

♣ KYC norms / AML standards / CFT measures have been prescribed to ensure that criminals are not allowed to misuse our infrastructure. It should therefore, be necessary that adequate screening mechanism is put in place by the Company as an integral part of their recruitment / hiring process of personnel. The Human Resources department confirms the previous employment details given by the employee with prior employer. Further, BUGLEROCK CAPITAL PRIVATE LIMITED account of the employee is compulsorily required to be opened with BUGLEROCK CAPITAL PRIVATE LIMITED, which is subject to the KYC requirements of BUGLEROCK CAPITAL PRIVATE LIMITED .

16. ROLE OF COMPLIANCE TEAM AND INTERNAL AUDIT:

♣ The Compliance Team shall play an important role in ensuring Compliance of the above-policies and procedures. The Account Opening Team shall exercise adequate due diligence as stated above. There shall be periodic checking by the Principal Officer and the same report shall be properly filed.

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♣ It is the duty of the Compliance Officer, its sub-ordinates as well as the Internal Audit Team to ensure compliance with policies, procedures, and controls relating to prevention of money laundering and terrorist financing, 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 regarding their responsibilities in the said matter.

♣ Any suspicious transaction or non-adherence to the policies, procedures and controls should be brought to the notice of the Principal Officer.

♣ It is the duty of the Principal Officer and the Compliance Officer to regularly review the policies and procedures on the prevention of ML and TF to ensure their effectiveness.

♣ The Company shall have a system of Concurrent Audit, which shall also include ensuring Compliance of the above policies. The Management shall note deviation or any inadequacy, if any in the report of the Concurrent Auditor for necessary action.

The areas to be specially checked by the Auditors shall be:

- a) Due Diligence in KYC Norms
- b) Generation of Exception Reports
- c) Trading in Dormant Client Codes
- d) Level of Awareness of Staff

17. REVIEW PROCEDURE:

♣ In order to ensure the effectiveness of the policies and procedures on the prevention of Money Laundering and Terrorist Financing, it shall be reviewed once in every year and as and when required to incorporate the additions, changes, modifications etc., as directed by SEBI/FIU-IND and such changes shall take place from their effective date. Further, the person doing such a review shall be different from the one who has framed such policies and procedures.

♣ The Principal Officer shall be responsible to ensure that as and when the policy is reviewed or updated, the same is consistent with the applicable laws and rules and to bring all the significant changes in the PML Act to the notice of Designated Director and place the reviewed policy before the Board for its adoption.

ANNEXURE I

RISK CATEGORISATION FOR ACCOUNTS IN THE NAME OF INDIVIDUALS

Type	Recommended Categorisation	Risk Perception
Salaried	Low risk	Source on income is fixed and pattern of entries in the account can be correlated with known sources of income/ expenditure.
Senior citizens	Medium / High Risk	Source of income for trading related purposes not known clearly. May be operated by third parties. Will be considered high risk in case operating in F&O
House-wife	Medium / High Risk	Source of income for trading related purposes not known clearly. May be operated by third parties. Will be considered high risk in case operating in F&O
Self Employed- Professionals/ Businessmen	Low risk (except professionals associated with the film industry who will be categorized as "Medium" risk).	Accounts maintained by Chartered Accountants, Architects, Doctors, Lawyers, Sportsmen, etc.
Non Resident Individuals	Low / Medium risk	Transactions are regulated through Authorise Dealers and the accounts are opened only after IPV. In case an IPV is not performed and we have relied on documentation submitted by the client, the account would be categorised as medium risk.
Politically Exposed Persons resident outside India	High Risk	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. Branches should gather sufficient information on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. Front end staff should verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. Such accounts should be subjected to enhanced monitoring on an ongoing basis. The above norms should also be applied to the accounts of the family members and close relatives of PEPs. Further

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		may maintain a list of additional accounts as “Designated PEP” The accounts of Politically Exposed Persons resident outside India shall be opened only after obtaining the approval of Business Head. Further, in the event of an existing customer or the beneficial owner of an account subsequently becoming PEP, Business head approval would be required to continue the business relationship and such accounts would be subjected to Customer Due Diligence measures as applicable to the customers of PEP category including enhanced monitoring on an ongoing basis. In such events BUGLEROCK CAPITAL PRIVATE LIMITED shall be guided by the information provided by the clients or front end teams.
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NOTE: If any of the above accounts are operated by Power of Attorney (POA) holder/mandate holder, then the account will be categorized as “High Risk”.

RISK CATEGORISATION FOR ACCOUNTS IN THE NAME OF NON- INDIVIDUALS

Risk categorization of Non Individual customers can be done basis:

A. Type of Entity B. Industry; C. Country of Domicile

Sr. No	Type	Recommended Risk Categorisation	Risk Perception
1	Private Ltd/Public Ltd Companies	Low / Medium /High risk	Depending on the clarity of the shareholding structure and the nature of operations, such companies would be classified. Such classifications shall be decided post the review of the Compliance Head / officer
2	Local Authorities or Public Bodies	Low Risk	They are constituted under Special Acts. Operations are governed by such Acts / Rules
3	Public Sector Undertakings, Government Departments/ Undertakings, Statutory Corporations	Low Risk	These types of entities are governed by specific Acts, Notifications etc framed by the Government of India or the State Govt and are controlled and run by the Govt.

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Sr. No	Type	Recommended Risk Categorisation	Risk Perception
4	Mutual Funds/ Scheduled Commercial Banks/Insurance Companies/Financial Institutions	Low Risk	These entities are strictly regulated by their respective regulators.
5	Partnership Firm	Low / Medium / High risk	Depending on the clarity of the shareholding structure and the nature of operations, such companies would be classified. Such classifications shall be decided post the review of the Compliance Head / officer
6	Trusts – Public Charitable Trust	Medium / High Risk	Depending on the clarity of the beneficial ownership and the nature of operations, such entities would be classified. Such classifications shall be decided post the review of the Compliance Head / Officer
7	Hindu Undivided Family (HUF)	Medium Risk	These are unregistered bodies and the pattern of entries in the account may not be correlated with known sources of income/ expenditure.
8	Societies / Associations / Clubs	High Risk (except 'Housing Societies' which will be categorized as "Low" risk).	These are not highly regulated entities and the pattern of entries in the account may not be correlated with known sources of income/ expenditure.
9	Trusts – Private Trust	High Risk	These may be unregistered trusts and the pattern of entries in the account may not be correlated with known sources of income/ expenditure
10	Co-operative Banks	High Risk	These are not highly regulated entities.

B & C. Basis Industry and Country of Domicile

Risk Category	Industry	Country of Domicile
High	The Risk categorisation is dependent on industries which are inherently High Risk or may exhibit high cash intensity, as	

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	below: Arms Dealer Money Changer Exchange Houses Gems / Jewellery / Precious metals / Bullion dealers (including sub-dealers) Real Estate Agents Construction Offshore Corporation Art/antique dealers Restaurant/Bar/casino/night club Import/Export agents (traders; goods not used for own manufacturing/retailing) Share & Stock broker Finance Companies (NBFC) Transport Operators Auto dealers (used/reconditioned vehicles/motorcycles) Scrap metal dealers Liquor distributorship Commodities middlemen Co-operative Banks Car/Boat/Plane dealerships/brokers Multi Level Marketing (MLM) Firms	
Medium	None	NA
Low	All other industries	NA

Notes:

1. Higher Risk Categorization derived from either A or B or C shall be the applicable risk categorization for the account.
2. Lowering of risk classification shall be carried out by the Compliance officer in consultation with the Chief Risk Officer. This shall be done only where adequate justifications can be provided and the same are mentioned along with the account opening form.
3. Such justifications shall be reviewed 3 months from the date of account opening / first transaction in order to ensure that the classification is proper.

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Annexure – II**REVIEW OF RISK CATEGORIZATION OF ACCOUNTS (Risk Assessment)**

The review shall be done on the following basis

Category of Accounts	Current Risk Categorization	Observation	Recommendation for new Risk Categorization
Non-Resident Accounts	High	Account in existence for more than 1 year; no AML queries raised	Medium
Non individual accounts – 1. Trusts 2. CIS 3. Partnership firms 4. Companies where shareholding structure complex	High	Existence for more than two (2) years, and no AML queries have been raised / AML queries raised have been Satisfactorily resolved	Reduce Risk Categorisation to Medium
Non individual accounts – 1. HUF 2. Companies other than above	High / Medium	Existence for more than one (1) year, and no AML queries have been raised / AML queries raised have been satisfactorily resolved	Reduce Risk Categorization by one level (ie High to Medium / Medium to Low)
Individual accounts – 1. Housewives 2. Clients operating in F&O segment	High / Medium	Existence for more than one (1) year, and no AML queries have been raised / AML queries raised have been satisfactorily resolved	Reduce Risk Categorization by one level (ie High to Medium / Medium to Low)
Others	Medium / Low	-	Either retain or increase the existing Risk Categorization

In case of any account wherein alerts are observed on a regular basis, the risk categorization would be increased based on the consensus of the AML monitoring team and the compliance officer. Such a review would be done at least once every six month.

The above mentioned list is only illustrative and we should exercise independent judgment to ascertain the risk categorization of the client

Any change in the risk profile of the client/mandate holder, has to be ascertained by the relationship manager / concerned branch official, and reported to the Business Head immediately.

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ANNEXURE III:

AN INDICATIVE LIST OF SUSPICIOUS ACTIVITIES:

Whether a particular transaction is suspicious or not will depend upon the background details of the client, details of the transactions and other facts and circumstances. Followings are the circumstances, which may be in the nature of suspicious transactions: -

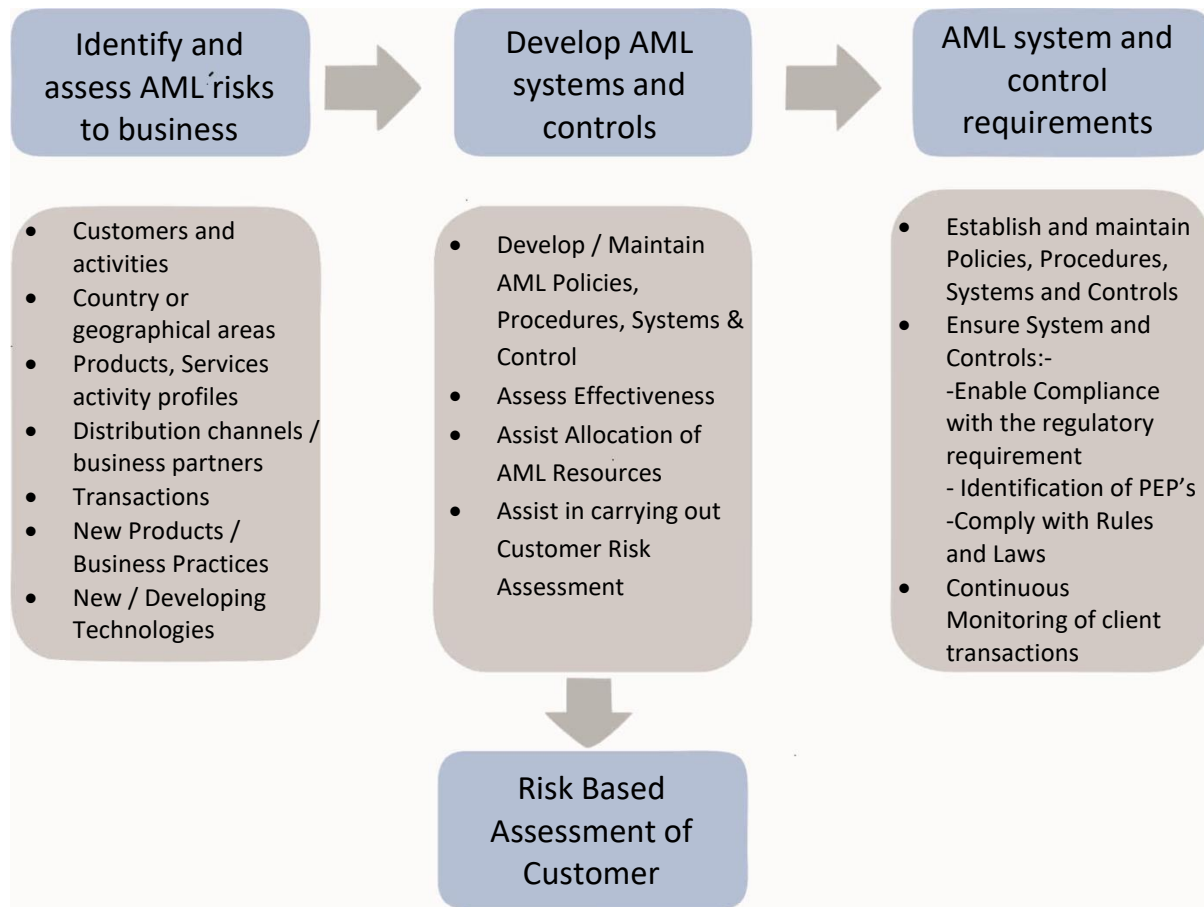
- a. Clients whose identity verification seems difficult or clients appears not to co-operate;
- b. Asset management services for clients where the source of the funds is not clear or not in keeping with clients apparent standing /business activity;
- c. Clients in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high risk jurisdictions;
- d. Substantial increases in business volume without apparent cause;
- e. Unusually large cash deposits made by an individual or business;
- f. Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- g. Transfer of investment proceeds to apparently unrelated third parties;
- h. Off market transactions in the DP account of the clients;
- i. High trading activity in the relatively illiquid scrips;
- j. Major trading activity in the Z and TtoT category scrips;
- k. Options trading / trading in illiquid scrips wherein client has booked unusual profit or loss which does not commensurate with the changes in the prices of underlying security in the cash segment.
- l. High exposures taken by client as compared to income levels informed by clients.
- m. Unusual transactions by "High risk status" and businesses undertaken by shell corporations offshore banks /financial services, businesses reported to be in the nature of export-import of small items.
- n. Synchronized Cross and Self Trades - Scrutinize Synchronized, Self/Cross Trade Report generated by the system/provided by Exchange.
- o. Clients whose turnover is disproportionate with the annual income/Networth provided in KYC.
- p. High value transactions in a new or dormant account
- q. Client offered false or forged identification documents
- r. Adverse media report about criminal activities of Client
- s. Adverse media report about TF or terrorist activities of Client
- t. Client provides inconsistent information
- u. Client could not explain source of funds
- v. Transaction is unnecessarily complex
- w. Transaction has no economic rationale
- x. Transaction inconsistent with Client Profile
- y. Alert raised by Business Associate
- z. Alert raised by other institution, subsidiaries or business associates including cross-border referral

Flow Charts

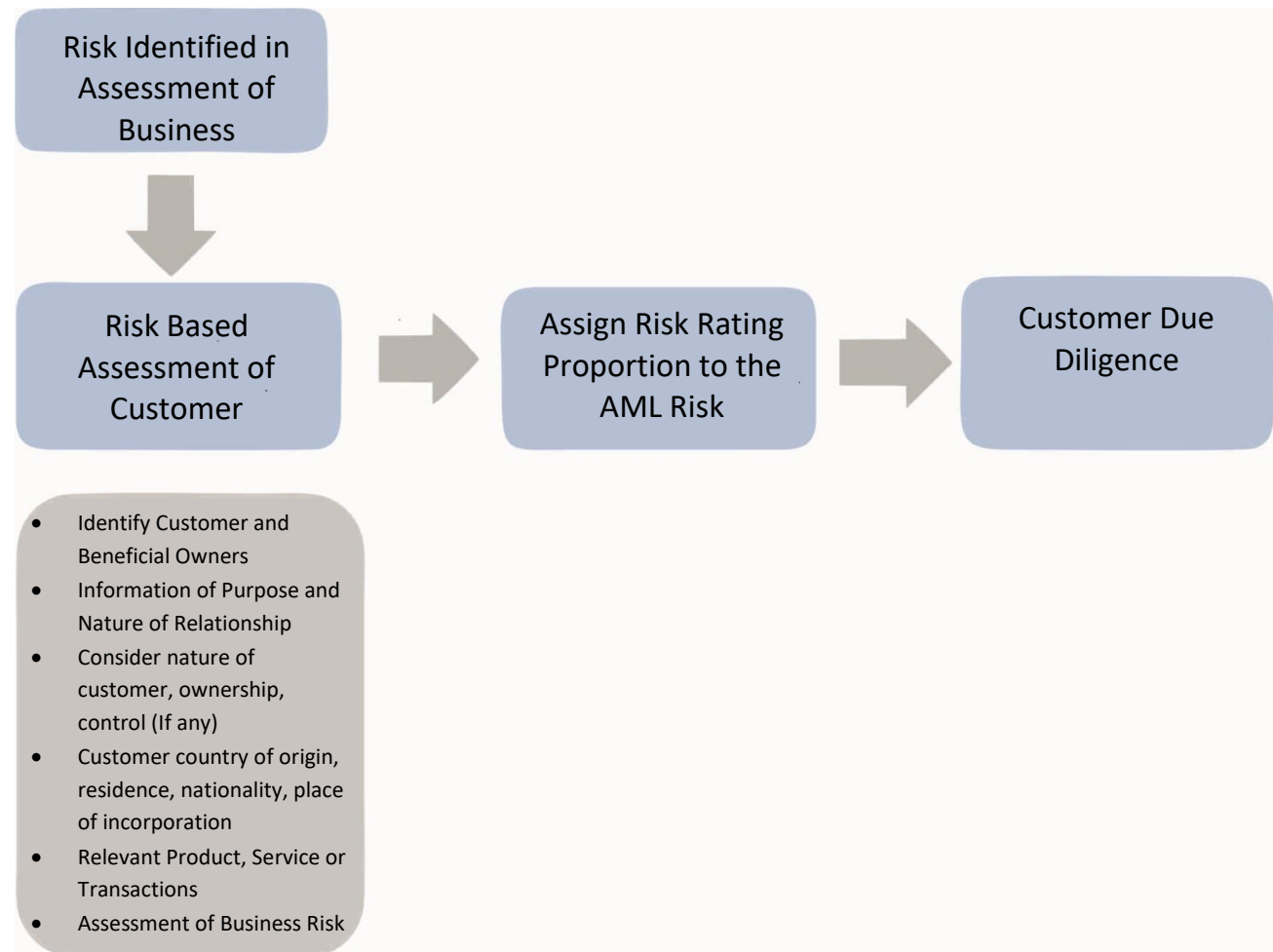
The Risk Based Approach



Business Risk Based Assessment



Customer Risk Based Assessment



Customer Due Diligence

