

REVIEW ON ANTI-MONEY LAUNDERING (AML) POLICY

At the meeting of the partners of M/S S.A.DESHPANDE & CO (SADCO)
Held on 02-02-2013 policy on AML was reviewed

Review was done in accordance with SEBI circular **CIR/MIRSD/2/2013** dated **January 24, 2013** on the subject matter of **Guidelines on Identification of Beneficial Ownership**

SADCO has framed its policy on AML based on SEBI Circular Nos. CIR/ISD/AML/CIR-1/2010 dated February 12, 2010, CIR/ISD/AML/2/2010 dated JUNE 14, 2010 & CIR/ISD/AML/3/2010 dated December 31, 2010 under which SADCO is obtaining sufficient information from their clients while opening new accounts so that SADCO can identify & verify the identity of persons who beneficially own or control the securities account. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf transaction is being conducted, & Includes a person who exercises ultimate effective control over a legal person or arrangement

SADCO is following KYC rules prescribed by SEBI under circulars nos. CIR/MIRSD/16/2011 dated August 22, 2011 and MIRSD/SE/Cir-21/2011 dated October 5, 2011. SADCO is also uploading details of clients in KRA as per KRA regulations, 2011

Now, as the Government of India in consultation with the regulators has specified a uniform approach to be followed towards determination of beneficial ownership. Accordingly, SADCO shall comply with the following guidelines as prescribed in SEBI circular no.CIR/MIRSD/2/2013 dated January 24, 2013

A. For clients other than individuals or trusts:

Where the client is a person *other than an individual or trust*, viz., company, partnership or unincorporated association/body of individuals, SADC0 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.**

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

- i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;**
- 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.

B. For client which is a trust:

Where the client is a *trust*, SADCO 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 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership

C. Exemption in case of listed companies:

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

D. Applicability for foreign investors:

In case of foreign investors' viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, may be guided by the clarifications issued vide SEBI circular CIR/MIRSD/11/2012 dated September 5, 2012, for the purpose of identification of beneficial ownership of the client.

The above reviewed policy to be followed in conjunction with Earlier policy on AML framed by SADCO

FOR S.A.DESHPANDE & CO

Sd/-

NILESH SHAH

PRINCIPAL OFFICER