
INVESTOR AWARENESS / EDUCATION UNDER ANTI-MONEY LAUNDERING /
COMBATING THE FINANCING OF TERRORISM (AML/CFT)

A. Money Laundering:

Prevention of Money Laundering Act – 2002 was brought into force w.e.f. 1st July 2005 by an act of Parliament. Act is made applicable to banks, financial institutions and all intermediaries associated with the securities market and are registered with SEBI under section 12 of SEBI Act, 1992.

VALTRUST PARTNERS LLP also falls under the above category and hence is required to follow the guidelines of SEBI on the matter. Money Laundering refers to conversion of money illegally obtained to make it appear as if it originated from a legitimate source. Money laundering is being employed by launderers worldwide to conceal criminal activity associated with it such as drugs / arms trafficking, terrorism and extortion. SEBI has issued detailed guidelines/ instructions to be complied by all intermediaries as a part of the Anti-Money Laundering (AML) Program. Investors may refer SEBI master Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024, as amended from time to time, available on SEBI's website. (<http://www.sebi.gov.in>).

B. Steps in Money Laundering:

Money laundering basically involves three independent steps:

i. Placement:

The physical disposal of cash proceeds derived from illegal activity.

ii. Layering:

Separating illicit proceeds from their source by creating complex layers of financial transactions designed to hamper the audit trail, disguise the origin of such funds, and provide anonymity to their owners.

iii. Integration:

Placing the laundered proceeds back into the economy in such a way that they re-enter the financial system appearing to be legitimate business funds.

C. The Financial Action Task Force (FATF)

The Financial Task force (FATF) was established by the G- 7 Summit that was held in Paris in 1989. This Intergovernmental body facilitates the development and promotion of policies, both at national and international levels to combat money laundering. The FATF has provided with forty

recommendations, which provide a comprehensive blueprint of the action needed to combat money laundering. India is a member of the FATF since June 2010.

D. Details / Information from Investor:

Investors shall be required to provide details / information as may be required by VALTRUST Partners LLP (Valtrust). Few of the details are stated below:

- i. Provide valid documents to prove your identity and address
 - ii. Provide your accurate contact information including mobile No, email id etc
 - iii. Provide accurate information about your occupation and its nature;
 - iv. Provide accurate information about your financials.
 - v. Inform as and when there is a change in the information that you have provided along with supporting documents wherever required. Implementation of AML/CFT measures at times may require VALTRUST to demand certain information from investors which may be of personal nature or never been called for or which are beyond the standard checklists.
 - i. Such information can include documents evidencing source of funds / income tax returns / bank statements etc.
 - ii. Investors are requested to co-operate when VALTRUST seeks additional information or documents in connection with your trades, holdings etc. since these documents / information's etc. is sought by VALTRUST only to comply with statutory/ regulatory requirements.
 - iii. The real rationale / purpose for certain transactions or trades undertaken when inquiries are made.
 - iv. Update your KYC information when we remind you that a KYC updation is due from your end.
- E. Obligation related to Anti Money Laundering:**

In order to comply with the above we are required to seek fresh/additional information / documents periodically from the clients for the purpose of due diligence and updation of client profile and required to seek clarifications wherever necessary in order to analyse the transactions.

The intention behind such requirement is not personal or to inconvenience the clients but for ensuring a healthy compliant system and have uninterrupted access to the system by the clients and cordial & healthy business relationship.

VALTRUST is required to have a robust client acceptance policy, client identification procedures, risk based approach and a due-diligence process at the time of client registration as well as on a periodical basis. The purpose of implementing AML/CFT measures is to stop criminals and terrorists from abusing the financial system and to know / understand its customers and their financial dealings better. Adherence to AML Program policies and procedures is to enhance fraud prevention measures taken by HSL to protect itself and its genuine investors and ensure governance.