

**TURTLE WEALTH MANAGEMENT PVT. LTD.**

**Office Address:** 1001 Rajhans Montessa, Dumas Road, Magdalla, Surat-395007, Gujarat.

**Mobile:** +91-7874246790

**Email:** [contact@turtlewealth.in](mailto:contact@turtlewealth.in) **Website:** [www.turtlewealth.in](http://www.turtlewealth.in)

**Portfolio Manager**

(SEBI Registration No.: INP000006758)

**Prevention of Money Laundering Policy**

**under Schedule III of the Securities and Exchange Board of India**

**(Portfolio Managers) Regulations, 2020**

<b>Related regulations</b>	SEBI (Portfolio Managers) Regulations, 2020
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<b>Owner/Contact</b>	Vibhati R. Gandhi - +917874246790
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## 1. Background

Turtle Wealth Management Pvt. Ltd., (also referred herein as Turtle Wealth or the Company) is a SEBI registered Portfolio Managers bearing Registration No. INP000006758 dated 8<sup>th</sup> May 2019. Turtle Wealth has started its operations on a testing purposes from October 2019 onwards.

## 2. Introduction

Pursuant to the recommendations made by the Financial Action Task Force (formed for combating money laundering), Government of India had notified the Prevention of Money Laundering Act in 2002. SEBI had issued the Guidelines on Anti Money Laundering Standards vide their notification No. ISD/CIR/RR/AML/1/06 dated 18th January 2006 and vide letter No.ISD/CIR/RR/AML/2/06 dated 20th March 2006 had issued the obligations of the intermediaries registered under Section 12 of SEBI Act, 1992. 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. The objective of the SEBI guidelines is that a registered intermediary and any of its representatives should implement, identify and discourage any money laundering or terrorist financing activities. The overriding principle is that the registered intermediary 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 (PMLA) and the Government of India Notification dated 1 July, 2005.

The PMLA has been further amended vide notification dated March 6, 2009 and inter alia provides that violating the prohibitions on manipulative and deceptive devices, insider trading and substantial acquisition of securities or control as prescribed in Section 12 A read with Section 24 of the Securities and Exchange Board of India Act, 1992 (SEBI Act) will now be treated as a scheduled offence under schedule B of the PMLA.

### **3. 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

### **4. 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, analysing 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.

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.

### **5. Obligation under the Act**

The Registered Intermediaries should:

- Issue a statement of policies and procedures, on a group basis where applicable, for dealing with money laundering and terrorist financing reflecting the current statutory and regulatory requirements.
- Ensure that the content of these Guidelines are understood by all staff members.
- Regularly review the policies and procedures on prevention of money laundering and terrorist financing to ensure their effectiveness. Further in order to ensure effectiveness of policies and procedures, the person doing such a review should be different from the one who has framed such policies and procedures.
- Adopt customer acceptance policies and procedures which are sensitive to the risk of money Laundering and terrorist financing.
- Undertake customer due diligence (“CDD”) measures to an extent that is sensitive to the risk of money laundering and terrorist financing depending on the type of customer, business relationship or transaction.
- And develop staff members’ awareness and vigilance to guard against money laundering and terrorist financing.
- Role of internal audit or compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF, 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, of their responsibilities in this regard

## **6. Policies and Procedures to Combat Money Launder and Terrorist Financing**

### **6.1 Creation of Team**

- a) Appointment of Designated Director: Mrs. Vibhati R. Gandhi of the company has been appointed as the Designated Director of the company for PMLA related activities supervises the work of the Money Laundering team.
- b) Appointment of Principal Officer: Mr. Rohan Mehta, has been appointed as the Principal Officer. Mr. Rohan Mehta with his team ensures that the provisions of PMLA, as specified in the Act, Rules and various circulars / guidelines issued by the Regulators, are the implemented.

## 6.2 Client Due Diligence

The Customer Due Diligence Process shall include three specific parameters:

- a) Policy for Acceptance of Clients
- b) Client Identification Procedure
- c) Suspicious Transactions identification & reporting

### 6.2.1 Policy for Acceptance of Clients:

- i. In case of individuals, basic documents pertaining to proof of identity and proof of address shall be collected. Such documents include:

Proof of Identity (POI)	Proof of Address
PAN card with photograph	Utility bills
Aadhaar/ Passport/Voter ID card/Driving License	Bank Account Statement/Passbook- Not more than 3 months old.
Identity card/documents with application's Photo issued by Government and Regulators	Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts

- ii. II. PAN shall be mandatory in all the cases except in the following cases:
- People residing in the state of Sikkim provided such set of people submit sufficient documentary evidence proving the veracity of the claim. (MRD/DoP/Cir-02/2007).
  - Officials appointed by Central Government, State Government and the Court for transacting in the securities market. (MRP/DoP/Cir-20/2008)
  - UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.
  - SIP of Mutual Funds up to Rs. 50, 000- p.a.
  - In case of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 4A of the Companies Act, 1956, Custodians shall verify the PAN card details with the original PAN card and provide duly certified copies of such verified PAN details to the intermediary.
- iii. In case of non-individual additional documents shall be obtained over and above the POI and POA as mentioned below:

**CORPORATE/PARTNERSHIP FIRM/TRUST /HUF**

- Copy of the balance sheets for the last 2 financial years (to be submitted every year).
- Copy of latest share holding pattern, 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 and individual promoters holding control- either directly or indirectly.
- Copies of the Memorandum and Articles of Association and certificate of incorporation and Certificate of Registration (Trust and Partnership firm).
- Copy of Trust deed/ Partnership deed.
- Copy of the Board Resolution for investment in securities market.
- Authorized signatories list with specimen signatures.

#### **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 and Power of Attorney granted to transact business on its behalf.
- Authorized signatories list with specimen signatures.

#### **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.

#### **FOREIGN INSTITUTIONAL INVESTORS (FII)**

- Copy of SEBI registration certificate.
- Authorized signatories list with specimen signatures.



### **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 authorized to act as authorized signatories with specimen signatures.
- True copy of Society Rules and Bye Laws certified by the Chairman/Secretary

- iv. In person verification shall be mandatory in case of Individuals and HUFs except in the following circumstances:
  - Individuals whose KRA is verified
  - E-KYC service offered by UIDAI
- v. No account shall be opened in a fictitious / benami name or on an anonymous basis.
- vi. No account shall be opened where appropriate Customer Due Diligence/KYC policies cannot be applied
- vii. Company shall not accept clients with identity matching persons known to have criminal background
- viii. Company shall be careful while accepting Clients of Special category (CSC). SEBI guidelines classify CSC as 'high risk' category clients that

require a higher degree of due diligence and regular update of KYC profile.

An illustrative list of the various categories included in CSC shall be as follows:

- Non-resident clients
  - High net worth clients
  - Trusts, charities, NGOs and organizations receiving donations
  - Companies having close family shareholdings or beneficial ownership
  - Companies offering foreign exchange offerings
  - Clients with dubious reputation as per public information sources, etc.
  - Non face-to-face clients
  - Clients in high risk countries
  - Politically Exposed Persons (PEP)
- ix. Clients posing a higher risk of money laundering shall be required to undergo an Enhanced Due Diligence process, which typically means escalation to Level III due diligence requirements pursuant to the CDD Requirements.
- x. Few Illustrative Scenarios where Enhanced Due Diligence are applied:
- ✓ For activation of Non-individual accounts, identification of beneficial owners shall be mandatory. In cases where multiple layers are to be verified for identification of UBO, the same is done before activation of the account.
- Process - Collecting details like Shareholding Pattern, Management, Related Entities etc. to identify the UBO in case of Non-Individual

Accounts. In case of any, suspicion, background verification as mentioned above shall be conducted for these clients.

### **General Guidelines**

- i. For scrutiny and background checks of the clients, websites such [www.watchoutinvestors.com](http://www.watchoutinvestors.com) shall be referred. Also, information available on [www.sebi.gov.in](http://www.sebi.gov.in), [www.nseindia.co.in](http://www.nseindia.co.in) and RBI Defaulters Database available on [www.cibil.com](http://www.cibil.com) shall be checked. The client database shall be reviewed against the list on a periodic basis.
- ii. Company shall verify the forms submitted by the client thoroughly and cross check the details with various documents obtained like source of income. If required, it shall ask for any additional details like salary slips, etc. to satisfy yourself whenever there is a doubt.
- iii. Company shall review the above details on-going basis to ensure that the transactions being conducted are consistent with our knowledge of customers, its business and risk profile. The Risk Profile shall create in terms of requirements of SEBI (Portfolio Managers) Regulations, 2020.
- iv. Implementation of Sanction List Screening - Sanction Lists shall be verified from the respective websites. Whenever the new list is updated on respective websites, names of existing clients shall be cross checked with such list.
- v. Internal ML/TF Risk Assessment
  - Client Due Diligence shall be conducted at the time of registration of any new client and periodically thereafter.
  - Company shall ensure that the receipts funds from clients are received only through clients' own accounts.

- While registering any new bank or demat account for any client, it shall be ensured that the accounts belong to the same client.
- In case the client is barred from Securities market by SEBI or any other regulatory authority, the account of the said client shall be immediately blocked.
- Additional due diligence shall be applied for any clients who are not residing within the territorial jurisdiction of India.
- All the individual/HUF clients shall be registered only after conducting in-person and background verification.

In case of requirement, the information pertaining to KYC, AML & CFT shall be shared with FATF and other agencies in their group to the extent permitted by Law. The company shall follow the standard KYC procedure as prescribed by the Regulator. The Company does not have any foreign branches and subsidiaries.

### **6.2.2 Client Identification Procedure**

Company shall follow the below mentioned process for identification of clients:

- (a) Company shall verify the customer's identity using reliable, independent source documents, data or information;
- (b) Company shall identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the customer and/or the person on whose behalf a transaction is being conducted;

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, and includes a person who exercises ultimate effective control over a legal person or arrangement

For clients other than Individuals and Trust, viz., Company, Partnership, or un-incorporated association/body of individuals, we shall identify the beneficial owners of the client and take reasonable measures to verify the identity of the person through following information:

- the identity of the Beneficial person/natural person who is acting alone or together or through one or more juridical person,
- exercises control through ownership or who ultimately has a controlling ownership interest of more than
  - 25% of shares or capital or profits of the juridical person, where juridical person is a Company.
  - 15% of shares / property or capital or profits of the juridical person, where juridical person is a partnership firm/Unincorporated association or body of individuals.

Control can be exercised through voting rights, agreement, arrangements or any other manner. Where no natural person identified in the aforesaid paras the identity of relevant natural person who holds the position of senior managing official shall be considered as beneficiary.

- (c) In case of Trust beneficial owner or the natural person could be the settler of the trust, the trustee, the protector or the beneficiaries with more than 15% interest and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership. Such indemnification of beneficiary is not mandatory in case of listed companies or majority owned subsidiary of such Company.
- (d) 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 customer, its business and risk profile, taking into account, where necessary, the customer's source of funds.

- (e) Updation of all documents, data or information of all clients and beneficial owners collected under the CDD process.
- (f) The CDD process shall be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).
- (g) Procedure for identifying politically Exposed Persons (PEP) - PEP 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.

Hence Besides obtaining declaration from the client on the KYC form about his/her PEP status where ever possible the concerned RMs or person responsible for acquiring clients shall independently check the antecedents of the clients and verify whether they fall into the category of PEP as per the definition given in Para (a).

In case of the clients who are PEP or subsequently found to be PEP or become PEP, the concerned RMs or any other person shall obtain the approval of Designated Director or Business Head for continuing the business relationship with such client.

### **Categorization of clients**

(Low, Medium, High risk and special category)

All the data collected by the Compliance division from different division shall be used to categorize the clients. New clients: - Based on the initial data and comment received by the KYC division, a new client is put into a category (provisional), after tracking the transaction of the client for atleast three months a permanent category is allotted to the client.

The general basis on which the clients are categorized are discussed below: -

Risk Category	Indicative List of Clients*
High Risk	1. Non Assisted Online clients. 2. Non-resident clients (NRI); 3. High Net worth clients (HNI) 4. Trust, Charities, NGOs and organizations receiving donations. 5. Companies having close family shareholdings or Beneficial Ownership. 6. Politically Exposed Persons (PEP). 7. Current /Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, close advisors and companies in which such individuals have interest or significant influence); 8. Companies offering Foreign Exchange offerings; 9. Clients in high risk Countries (where existence / effectiveness of money laundering controls is suspect, Countries reputed to be any of the following -- Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent; 10. Non-face to face clients; 11. Clients with dubious reputation as per public information available etc.
Medium Risk	Individual and Non-Individual clients falling under the definition of Speculators, Day Traders and all clients trading in Futures and Options segment
Low Risk	The clients who are not covered in the high & medium risk profile are treated as Low risk Profile client.

\*This list is indicative. The risk profile also depends on the pattern of advice obtained / requested from clients, payment pattern, financial status and background of the client. Company shall put in place a system of periodical review of risk categorization of accounts and shall exercise on independent judgment to ascertain whether new clients should be classified as special category or not.

### **6.2.3 Transaction Monitoring And Reporting Especially Suspicious Transactions Reporting (STR)**

#### **6.2.3.1 Monitoring & Reporting Of Transactions to The Management**

Turtle Wealth Management Pvt. Ltd. is a SEBI Registered Portfolio Manager, and provides advice to the clients based on the Risk Assessment of the client carried out in terms of SEBI (Portfolio Managers) Regulations 2020.

Hence Monitoring and Reporting of Transaction to the Management does not fall under the purview of Client.

#### **6.2.3.2 Transaction Monitoring and Reporting Especially Suspicious Transactions Reporting (STR)**

Turtle Wealth is a SEBI Registered Portfolio manager; it only provides advice to the clients based on the Risk Assessment of the client carried out in terms of SEBI (Portfolio manager) Regulations 2020. Turtle Wealth does not have control to verify whether the advice provided to client has actually been executed by them.

Hence Transaction Monitoring and Reporting of Suspicious Transaction does not fall under the purview of Turtle Wealth.

#### **6.2.3.3 Reporting of Suspicious Transaction to FIU**

Turtle Wealth is a SEBI Registered Portfolio Manager; it only provides advice to the clients based on the Risk Assessment of the client carried out in terms of SEBI



(Portfolio Manager) Regulations 2020. Turtle Wealth does not have control to verify whether the advice provided to client has actually been executed by them.

Hence Reporting of Suspicious Transaction Report to FIU does not fall under the purview of Turtle Wealth.

## **7 Record Keeping**

- i. Records shall be kept as per the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PML Act, 2002 as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.
- ii. In order to maintain an audit, trail the following information for the accounts of customers shall be kept:
  - (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. cash, cheques, etc.;
    - (iii) the identity of the person undertaking the transaction;
    - (iv) the destination of the funds;
    - (v) the form of instruction and authority.
- iii. All customer and advice records and information are available on a timely basis to the competent investigating authorities.
- iv. Fees shall only be collected from clients by way of Cheque/NEFT/RTGS or any other mode permitted by RBI.
- v. Following records shall be maintained and preserved for a period of five years from the date of termination of an account or business relationship.
  - a. All necessary records on advice given, shall be maintained at least for the minimum period prescribed under the relevant Act (PMLA, 2002 as well SEBI Act, 1992) and other legislations, Regulations or exchange bye-laws or circulars.

- b. Records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of five years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.
- c. Turtle Wealth shall maintain and preserve the record of information related to advise provided, which are reported to the Director, FIU-IND (if any), 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.
- d. 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.

## **8 Re-KYC:**

Re KYC is integral part of PMLA policy. Re KYC for dormant account is done as and when the client request for re activation of the account

- Low Risk Clients: Re KYC for low Risk client is done after seven to Ten years.
- Medium Risk Clients: Re KYC for low Risk client is done after Five to Seven years.
- High Risk Clients: Re KYC for low Risk client is done after Three to Five years.

Shifting of clients from their risk categorization shall be done based on the client status and if the client due diligence does not provide true picture.

## **9 Recruitment of Staff**

- i. Company shall have adequate screening procedures in place to ensure high standard when hiring employees. It shall identify the key positions within the Company structure having regard to the risk of money laundering and terrorist financing.
- ii. The HR Department shall be instructed to verify the identity, cross check all the references, family background and shall take adequate safeguards to establish the authenticity and genuineness of the persons before recruiting.
- iii. The HR Department shall obtain documents like; photographs, proof of address, identity proof, proof of educational qualifications, proof of bank account details

## **10 Staff Training and Up-Gradation**

- i. All the staff members involved in front office dealings, back office, KYC & Compliances, Risk Management or any kind of client dealings need to be adequately trained in AML and CFT (Combating Financing of Terrorism) procedures at the time of induction into the Company. At the time of induction sessions, the PMLA policy of the Company shall be shared with the Staff members.
- ii. Periodically the Company shall send updates on PMLA to its Staff members.
- iii. The Company shall have an ongoing employee-training program so that the concerned staff is adequately trained in AML and CFT procedures.

- iv. Further, the Principle Officer shall ensure that all the concerned staff is well versed with latest modifications in the PMLA policy framework and is adequately sensitized to the risks of ML & TF.

## **11 Investor Education**

- i. Implementation of AML/CFT measures requires the Company to demand certain information from investors which may be of personal nature or which have never been called for. Such information can include documents evidencing source of funds / income tax returns/bank records etc. This can sometimes lead to raising of questions by the clients with regard to the motive and purpose of collecting such information.
- ii. Hence the Company is required to inform client that these information is required as per AML and CFT framework. This may either be done by preparing specific format asking for the documents or by educating the clients on the objectives of the Anti-Money Laundering (AML) / Combating Financing of Terrorism (CFT) programme or displaying the Company policy on PMLA on the website and requesting clients to go through the same.

## **12 Review Criteria of Policy**

The policy will be reviewed by at least on a yearly basis or as and when any changes are notified by FIU/SEBI.

The above policy is placed before the Meeting of the Board of Directors of the Company dated 28<sup>th</sup> March, 2025 and duly approved.