



INSTITUTIONAL  
INVESTOR  
ADVISORY SERVICES

# Anti Money Laundering Policy

## Policies and Processes

19 December 2023

# IiAS POLICY AND PROCESS:

## ANTI-MONEY LAUNDERING (AML) POLICY

### PURPOSE

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As per the provisions of the Prevention of Money Laundering Act, 2002 ("PMLA"), every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under Section 12 of the SEBI Act) shall have to maintain a record of all the transactions, the nature and value of which has been prescribed in the Rules<sup>1</sup> under the PMLA. Institutional Investors Advisory Services India Limited (IiAS) is a SEBI-registered proxy advisory firm (under SEBI (Research Analyst) Regulations, 2014) dedicated to providing market participants with data, research and opinions on corporate governance issues. Given the nature of its business, the scope of application of PMLA regulations to IiAS is limited. Nevertheless, IiAS is adopting this PMLA Policy, which is commensurate with the nature of its business, organizational structure and type of clients and transactions.

### POLICY AND PROCEDURES TO COMBAT MONEY LAUNDERING (ML) AND TERRORIST FINANCING (TF)

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#### STRUCTURAL MECHANISM

- IiAS is an advisory firm, dedicated to providing participants in the Indian market with independent opinions, research and data on corporate governance and ESG issues as well as voting recommendations on shareholder resolutions. IiAS does not provide buy-sell recommendations.
- All revenue of the company is received through authorised and secure banking channels and further substantiated by the invoices raised. IiAS does not accept cash from its customers under any circumstances.
- IiAS does not deal with or manage any funds/ assets/ money of its clients.
- IiAS does not provide services that are similar to or related to or connected with financial institutions and stockbrokers, sub-brokers, share transfer agents, bankers to an issue, trustees to a trust deed, registrar to an issue, asset management companies, depository participants, merchant banker, underwriter, portfolio manager or investment adviser.

#### CLIENT DUE-DILIGENCE

- IiAS majorly deals with SEBI-regulated entities, IRDA regulated insurance companies, PFRDA regulated pension funds, listed corporate entities and globally regulated financial institutions.
- Before accepting any assignment, IiAS obtains sufficient information to identify persons/ entity with whom IiAS is likely to undertake a business transaction. The basic details obtained from clients include name of the person/entity, registered address, business address, Permanent Account Number or similar identification number, Goods and Services Tax (GST) registration details and such other details as may be deemed necessary.

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<sup>1</sup> Prevention of Money-laundering (Maintenance of Records) Rules, 2005

- In case of on-boarding clients that are not registered by SEBI or similar domestic and/or global regulators, IiAS shall verify the client's identity using reliable, independent source documents, data or information, to the extent such information is available with IiAS;
- IiAS will not carry out business transactions with any entity whose credentials cannot be established, or ownership status cannot be identified.
- IiAS also provides an option to clients to purchase single reports from its website, [www.iiasadvisory.com/voting-recommendation](http://www.iiasadvisory.com/voting-recommendation). These payments are routed through registered third-party payment gateways and relevant details are captured at the time of transacting.

#### RISK-BASED APPROACH

- It is generally recognized that certain clients may be of a higher or lower risk category depending on the circumstances such as the client's background, type of business relationship or transaction etc.
- In view of the segment of clients that the IiAS deals with, mainly being large corporate entities including listed entities, SEBI / IRDA / PFRDA regulated entities and given the fact that most of the transactions are once in a year (as against repetitive transactions where some pattern would emerge), a formal risk profiling procedure is not deemed practical or feasible by IiAS at this stage.

#### RECORD KEEPING

- IiAS shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, the applicable rules and regulations made thereunder, PMLA as well as other relevant legislation, rules, regulations and circulars, to the extent applicable.
- Since the transactions carried out by IiAS are only through registered banking channels, IiAS believes that maintaining bank records against the invoices raised would suffice for compliance with this provision. Any deviation from this process, will be recorded and traced, wherever deemed necessary under the provisions of the PML Act and Rules.

#### MONITORING OF TRANSACTIONS

- As a policy, dealing in cash with customers/ clients is strictly prohibited. IiAS will not accept cash from its clients under any circumstances. Subscription fees and other revenue of the company will be received through registered banking channels only.
- Other than payment against invoices raised, IiAS does not deal with any other funds, money or assets of its clients.
- Payment to vendors are made through banking channels only. However, IiAS may make payments in cash to regular vendors not exceeding Rs. 25,000/- per transaction.
- IiAS shall ensure that appropriate steps are taken to enable recognition of suspicious transactions<sup>2</sup> and have appropriate procedures for reporting suspicious transactions. Any suspicious transaction shall be immediately notified to the Compliance Officer.

#### LIST OF DESIGNATED 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 (UNSCRs) can be accessed here: <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>
- IiAS shall ensure that business accounts are not opened in the name of anyone whose name appears in said list.

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<sup>2</sup> While determining suspicious transactions, IiAS shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time.

## REPORTING

- In terms of the PML Rules, IiAS is required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

**Director, FIU-IND**

Financial Intelligence Unit-India,  
6<sup>th</sup> Floor, Hotel Samrat, Chanakyapuri,  
New Delhi-110021.

Website: <http://fiuindia.gov.in>

## HIRING AND TRAINING OF EMPLOYEES

- IiAS shall identify the key positions within the organization structure, having regard to the risk of money laundering and terrorist financing and the size of its business and ensure the employees taking up such key positions are suitable and competent to perform their duties. For the purpose of this policy, key positions shall include the employees holding office as Managing Director, Chief Executive Officer, President, Chief Operating Officer, other senior managerial positions at the same level as that of the Chief Operating Officer and Group Head, Business Development.
- IiAS shall endeavour to undertake employee training programmes, so that the members of the staff are adequately trained in AML and CFT procedures.

## ABOUT THE POLICY

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- The PMLA Act and Rules can be accessed here: <https://dor.gov.in/acts-list?page=3>
- The terms mentioned herein, whether or not specifically defined, shall have the meaning set forth in the definitions provided under the Prevention of Money Laundering Act, 2002 ("PMLA") and Rules.
- This policy has been presented to the Board of Directors in December 2023 and is effective from 1 January 2024. This policy will be in force until it is revised or changed.

Revisions to the policy are given below:

Versions	Written on	Effective from
1	19 December 2023	1 January 2024