

DAUFIN LTD ANTI MONEY-LAUNDERING (AML) POLICY.

The objective of KNOW YOUR CUSTOMER (KYC) guidelines is to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering activities. KYC procedures also enable banks to know/understand their customers and their financial dealings better, which in turn help them, manage their risks prudently.

The Basel committee has highlighted the need for financial institutions to implement effective 'Know-your-customer' (KYC) standards as an essential part of risk management practices.

The Basel committee also stated that a key challenge in implementing sound KYC policies and procedures in how to put in place an effective approach. The legal and reputation risks are global in nature and as such, it is essential that each financial institution develop a global risk management programme supported by policies that incorporate KYC standards.

It is important that the adoption of customer acceptance policy and its implementation should not become too restrictive and must not result in denial of services to general public, especially to those, who are financially or socially disadvantaged.

The term 'money laundering activities' cover not only the criminals who try to launder their ill-gotten gains, but also the bank/financial institutions and their employees who participate in their transactions and have knowledge that the property is criminally derived. "Knowledge" includes the concept of conscious avoidance of knowledge. Thus, employees of branches whose suspicions are aroused, but who then deliberately fail to make further inquiries/report to higher authorities, wishing to remain ignorant, should be considered to have the requisite "knowledge" of criminal activities/transactions.

DEFINITION OF A CUSTOMER

For the purpose of KYC policy, a customer may be defined as:

- * A person or entity that maintains an account and/or has a business relationship with Daufin Ltd.
- * On whose behalf the account is maintained (i.e. the beneficial owner)
- * Beneficiaries of transactions conducted by professional intermediaries, such as stock brokers, chartered accountants, solicitors etc. as permitted under the Law.
- * any person or entity connected with a financial transaction, which can pose significant reputation or any other risks to Daufin Ltd, say, a wire transfer or issue of high value demand draft as a single transaction.

KYC policy includes the following eight key elements

1. Customer Identification Procedures
2. Monitoring Of Transactions

3. Risk Management
4. Training Program
5. Internal Control System
6. Record Keeping
7. Evaluations of KYC guidelines by internal audit and inspection system
8. Duties / responsibilities and accountability

Indicative Guidelines

Accounts of companies and firms

Daufin Ltd Compliance Department needs to be vigilant against business entities being used by individuals as a front for maintaining accounts with banks.

Branch/office may examine the control structure of the entity, determine the source of funds and identify the natural persons who have controlling interest and who comprise the management. These requirements may be moderated according to the risk perception e.g. in the case of a public company it will not be necessary to identify all the shareholders.

Customer Identification Procedure (CIP)

CIP can only be carried out on the following stages:

- 1 .While establishing the relationship
2. While carrying out a financial transaction
3. When the branch/office has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.

Customer identification means identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information.

Daufin Ltd needs to obtain sufficient information necessary to establish, to their satisfaction, the identity of each new customer, whether regular or occasional, and the purpose of the intended nature of banking relationship.

Being satisfied means that Daufin Ltd must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place.

Risk Assessment

An effective KYC programme should be put in place by establishing appropriate procedure and ensuring their affective implementation. It should cover proper management oversight, systems and controls, Segregation of duties, training and other related matters. Responsibility should be explicitly allocated within the company for ensuring that the company's policies and procedures are implemented effectively.

The nature and extent of due diligence will depend on the risk perceived by the Daufin Ltd Customer profile will be a confidential document and details contained therein shall not be divulged for cross selling or any other purpose.

Daufin Trade's internal audit and compliance have an important role in evaluating and ensuring adherence to the KYC policies and procedures. The compliance function should provide an independent evaluation of the Daufin Trade's own policies and procedures, including legal and regulatory requirements. It should be ensured that the audit machinery is staffed adequately with individuals who are well versed in such policies and procedures.

Internal inspectors should specifically check and verify the application of KYC procedures at the branched/offices and comment on the lapses observed in this regard.

Specially Designated Nationals and Sanctioned Parties Screening

All customers are to be screened through various independent risk intelligence databases such as "World Compliance" and "World Check" (Professional Compliance Databases)

Customer identification

Natural persons

For customers that are natural persons, Daufin Ltd should obtain sufficient identification (passport, ID, government identification, etc.) data to verify the identity of the customer, his address/location (utility bill, bank statement, etc.) and also his recent photograph (if possible).

Legal persons

For customers that are legal persons or entities, Daufin Ltd should verify the legal status of the legal person/entity through proper and relevant documents verify that any person purporting to act on behalf of the legal person/entity is so authorized and identify and verify the identity of that person. Understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person.

If Daufin Ltd decides to accept such accounts it terms of the CAP policy Daufin Ltd should take reasonable measures to identify who the beneficial owner(s) is/are.

For new accounts:

"Know your customer (KYC) procedure should be the key principle for identification of an individual/corporate account. The customer identification should entail verification through an

introductory reference from an existing account holder/ a person known to the bank or on the basis of documents provided by the customer.

Recordkeeping

All identification documentation and services records shall be kept for a minimum period of no less than 7 years.

Training

All new employees shall receive anti-money laundering training as part of the mandatory new-hire training program. All applicable employees are also required to complete AML training annually. Participation in additional targeted training programs is required for all employees with day to day AML responsibilities.

Administration

For the purposes of AML Policy, Daufin Ltd shall appoint AML Compliance Officer. Daufin Ltd AML Compliance Officer shall be responsible for the administration, revision, interpretation, and application of this Policy. The Policy will be reviewed annually and revised as needed.

The duties of the AML Compliance Officer with respect to the Policy shall include, but shall be not limited to, the design and implementation of as well as updating the Policy as required; training of officers and employees; monitoring the compliance of Daufin Ltd affiliates, maintaining necessary and appropriate records; and independent testing of the operation of the Policy.