



ANTI MONEY LAUNDERING/COMBATING FINANCING OF TERRORISM FRAMEWORK

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**ANTI MONEY LAUNDERING (AML) FRAMEWORK EPSILON MONEY
INVESTMENT MANAGEMENT PRIVATE LIMITED
(FORMERLY KNOWN AS MULTI ARK WEALTH PRIVATE LIMITED)**

1. Background and Objective

Background:

The Prevention of Money Laundering Act, 2002 (“PMLA”) was brought into force with effect from 1ST July 2005. Necessary Notifications / Rules under the said Act were published in the Gazette of India on July 01, 2005 by the Department of Revenue, Ministry of Finance, Government of India.

As per the provisions of the 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 (includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, asset management company, depository participant, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with the securities market and registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (SEBI Act) shall have to adhere to client account opening procedures and maintain records of such transactions as prescribed by the PMLA and rules notified there under.

Responsibility of Epsilon Money Investment Management Private Limited (Formerly known as Multi ark Wealth Private Limited)

Epsilon Money Investment Management Private Limited (Formerly known as Multi Ark Wealth Private Limited) along with its all-Associate entities (hereafter referred to as the (“**EPSILON MONEY INVESTMENT MANAGEMENT (formerly Multi Ark Wealth)”** or “**Company**”) is fully committed to comply with all applicable laws designed to combat money laundering and any activity which facilitates the funding of terrorist or criminal activities. Epsilon Money Investment Management (formerly Multi Ark Wealth) would meet the extant regulatory requirements, and the Framework would be amended from time to time as may be required by the Authority and Compliance with Financial Action Task Force requirements.



Objective:

The key objectives of this document are:

1. To lay down the detailed AML Framework of Company.
2. To ensure that none of its customers or prospects are vulnerable to Money Laundering and also to ensure that company is not used as a conduit for Money laundering.
3. To ensure compliance with the AML laws and regulations in force from time to time.
4. To protect the company's reputation.
5. To assist law enforcement agencies in their effort to investigate and track money launderers.
6. To lay down AML compliance norms for the employees of the Company.

2. Money Laundering – Definition

- 2.1 Money Laundering is moving illegally acquired cash through financial systems so that it appears to be legally acquired.
- 2.2 There are three common stages of money laundering as detailed below which are resorted to by the launderers and institutions may unwittingly be exposed to a potential criminal activity while undertaking normal business transactions:
 1. **Placement** - the physical disposal of cash proceeds derived from illegal activity.
 2. **Layering** - separating illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the source of money, subvert the audit trail, and provide anonymity; and
 3. **Integration** - creating the impression of apparent legitimacy to criminally derived wealth.
- 2.3 If the layering process has succeeded, integration schemes place the laundered proceeds back into the economy in such a way that they re-enter the financial system appearing to be normal business funds.

Section 3 of PMLA describes the offence of Money Laundering. Section 3 reads as under:
“Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money- laundering.”



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3. Money Laundering Risks

The Company is aware that it is exposed to several risks if an appropriate AML framework is not established, which are detailed as under:

1. **Reputation Risk** - Risk of loss due to severe impact on Company's business. This requires maintaining the confidence of authority, customers, creditors and the general marketplace.
2. **Compliance Risk** - Risk of loss due to failure of compliance with key Regulations governing the company's operations.
3. **Operations Risk** - Risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.
4. **Legal Risk** - Risk of loss due to any of the above risks or combination thereof resulting into the failure to comply with Law and having a negative legal impact on the Company. The specific types of negative legal impacts could arise by way of fines, confiscation of illegal proceeds, and suspension/termination of licenses by the regulators, criminal liability, etc.
5. **Financial Risk** - Risk of loss due to any of the above risks or combination thereof resulting in a negative financial impact on the Company.

4. AML/CFT Governance Framework structure:

As required by IRDAI guidelines, the company's AML Framework is broadly divided into the following main components:

1. AML/KYC Standards.
2. Appointment of Director and Principal Officer.
3. Recruitment and training of employees/agents.
4. Internal Control/Audit.

4.1 AML/KYC Standards:

4.1.a Basic Due Diligence [Know Your Customer (KYC)]:

Keeping in view the specific requirements of the guidelines issued by IRDAI and other regulatory bodies and considering the potential threat of usage of financial services by a money launderer, the company shall make reasonable efforts to determine the real identity of all customers by doing proper Customer Due Diligence (CDD). Effective procedures should be put in place to obtain requisite details for the



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proper identification of new customers.

1. Specified Persons SPs and our Customer Service Team shall be required to provide information to indicate any behavioral aspects of a customer that are found to be suspicious at the time of their interaction.
2. Special attention will be given to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose.
3. Company will not enter a contract with a customer whose identity matches with any person with known criminal background or with banned entities and those reported to have links with terrorists or terrorist organizations.
Customer's name screening will be done daily against the negative list. In case any matching records are identified, it will be reported to the relevant authority.
4. In case receipt of order to freeze / unfreeze account is received under section 51A of the UAPA, Unlawful Activities (Prevention) Act, 1967 it will be implemented without prior notice to the designated individuals / entities.
5. Measures will be taken to identify beneficial ownership in the case of non-individual customers.

4.1.b When should KYC be done?

1. New Customers:

- a) In case of new contracts, KYC / CDD (Client Due Diligence) should be done before entering into any agreement/Transaction or contract pertaining to client services with new customer.

2. Ongoing basis:

KYC should also be carried out at the claim payout stage and at times when additional top up remittances are inconsistent with the customer's known profile. Any change which is inconsistent with the normal and expected activity of the customer, further KYC processes and / or action as considered necessary.



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4.1.c Enhanced Due Diligence:

It is imperative to ensure that the services/investment being purchased/made is reasonable. Accordingly, customer's source of funds, his estimated net worth etc., shall be appropriately documented and company obtains income proofs and details of sources of funds for all policies as specified by the Company from time to time.

Premium payments are received or can be received through various modes, including, Demand Drafts (DD), cheques, online transfers, etc. However, the Company will have power to prescribe rules / limits etc. for any payment mode, or to disallow any payment mode(s) for any one or more channel. The cash acceptance limit / rules etc. shall be such, as may be decided from time to time, keeping in view business requirements and regulatory provisions. PAN and KYC documents of the payor to be obtained in case of third-party payment (other than proposer).

Suspicious Transactions (including Suspicious Cash Transactions):

The AML program envisages submission of Suspicious Transaction Reports (STR) / Cash Transactions Reports (CTR) / Counterfeit Currency Report (CCR) / Non-Profitable Organization Transactions Report (NTR) to the Financial Intelligence Unit-India (FIU-IND) set up by the Government of India to track possible money laundering attempts and for further investigation and action.

Prohibition from "Tipping off"

Employees (permanent and temporary) are prohibited (should maintain strict confidentiality) from disclosing the fact that a Suspicious Transactions Report or related information of a policyholder / prospect is being reported or provided to the FIU-IND.

4.1.d 4.1.e Record Keeping:

The company will maintain the records (either in electronic or in paper form) of types of transactions and the copies of the Cash / Suspicious Transactions reports submitted to FIU as well as those relating to the verification of identity of customers for a period of 5 years in order to enable the company to comply swiftly with information requests from the competent authorities. Such records shall be sufficient to permit the reconstruction of individual transactions (including the amounts and types of currency involved (if any) so as to provide, if necessary, evidence for prosecution of criminal activity. The company will retain the records of those contracts, which have been settled by maturity or claim, surrender or cancellation, for a period of at least 5 years after that settlement. Records pertaining to all other



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transactions, (for which the Company is obliged to maintain records under other applicable Legislations / Regulations / Rules) the Company will retain records as provided in the said Legislations / Regulations / Rules but not less than 5 years from the date of end of the business relationship with the customer.

The Director, Principal Officer and staff assisting in the execution of AML guidelines should have timely access to customer identification data, other KYC information and records.

4.2 Appointment of ‘Director’ and Principal Officer:

4.2.a Appointment:

The company will designate ‘Director’ and ‘Principal Officer’ in the Company who shall be accountable to report the FIU-IND upon any of suspect or Suspicious Transactions, or any act which is giving the impression on happening of ML/FT activities.

4.2.b Responsibilities:

The Director shall:

Ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules.

The Principal Officer shall:

1. Ensure Implementation of the AML Program effectively, including monitoring compliance by the company’s employee with their obligations under the program.
2. Ensure that employees and personnel of the company have appropriate resources and are well trained to address questions regarding the application of the program considering specific facts.
3. Be responsible for regulatory reporting, as prescribed under the SEBI (IA) guidelines, for Cash Transactions, Suspicious Transactions, Counterfeit Currency Notes and Non-Profit Organization details.

4.3 Recruitment and Training of employees

The selection process of Employees shall be monitored. It shall be ensured that if any unfair practice is being reported, then action is taken after due investigation. The company will have adequate screening procedures when hiring employees. Instruction manuals on the procedures for advisory service, customer



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identification, record keeping, acceptance and processing of advisory, will be set out.

The concept of AML will be part of in-house training curriculum for agents.

The following training requirements are considered essential based on the class of employees.

1. **Employees:** A general appreciation of the background to money laundering, and the subsequent need for identifying and reporting of any suspicious transactions to the appropriate designated official shall be provided to all new employees who will be dealing with customers or their transactions, irrespective of the level of seniority.
2. **Other Staff:** Members of staff who are dealing directly with the public (whether as Sales/PAI) are the first point of contact with potential money launderers and their efforts are therefore vital to the strategy in the fight against money laundering. It is vital that “front-line” staff is made aware of company’s AML Framework for dealing with non-regular customers particularly where large transactions are involved, and the need for extra vigilance in these cases.
3. **Ongoing training:** Refresher training at regular intervals shall be provided to ensure that staff does not dilute its approach to AML Implementation. AML training shall cover aspects related to:
 - AML definition, guidelines, and requirements
 - Possible risks due to non-compliance with AML
 - Prevention of fraud or suspicious transactions
 - Mandatory documentation for AML
4. **Records of training imparted to agents / staff** in the various categories detailed above shall be maintained.

4.4 Internal Control/Audit:

Company shall verify on a regular basis compliance with policies, procedures and controls relating to money laundering activities. Exception reporting under AML Framework shall be done to Audit Committee of the Board.



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5. Review of AML Framework:

The AML framework shall be reviewed at least annually, and changes effected based on experience and regulatory changes shall be incorporated in the same.



Signature:

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Designation: Director

DIN: 05252416

Date: 04/04/2025

Place: Mumbai



Signature

Name: Madhu Smita Singh

Designation: Director

DIN: 09517758

Date: 04/04/2025

Place: Mumbai