

PMLA Investor Education

1. Introduction

The Prevention of Money Laundering Act (PMLA), 2002, was enacted in India to combat money laundering, a serious threat to financial systems and national security. It addresses the global concern of money laundering, which involves disguising illegally obtained funds as legitimate income. The PMLA provides a legal framework for preventing, detecting, and prosecuting money laundering activities in India.

Money Laundering and Terrorist Financing risk management is pivotal to safeguard the financial community from being used as conduit for illegal activities.

Spark group companies (which includes Spark PWM Private Limited, Spark Capital Advisors (India) Private Limited, Spark Asia Impact Managers Private Limited, Spark Fund Advisors LLP, Spark Asia Impact Private Limited, Spark Financials Holdings Private Limited, Spark Infracity, in India) have therefore implemented Know Your Customer (KYC) / Anti-Money Laundering (AML) / Combating of Financing of Terrorism (CFT) guidelines in accordance with the provisions under Prevention of Money Laundering Act, 2002, and based on the guidelines issued by the regulators from time to time. Spark Group companies follow the group-wide policy on _____. Spark Group refers collectively to Spark Group companies as mentioned above and individually to each entity separately as per the context of the requirements.

2. Objective and Scope

At Spark Group we are committed to upholding the highest standards of integrity and compliance in all our operations. Spark Group KYC (Know Your Customer), AML (Anti-Money Laundering), and CFT (Countering the Financing of Terrorism) Policy establishes a comprehensive global framework to prevent the misuse of our services for money laundering or terrorist financing activities.

3. Risk-based approach in implementing AML framework

Spark Group has well defined policies, controls and procedures in order to manage and mitigate the risk of Money Laundering and Terrorist Financing. Spark Group shall also carry out AML and CTF assessment by time to time to develop and implement effective measures to mitigate the risk.

4. Client Due Diligence

Regulatory authorities have made it mandatory for the intermediaries in order to adhere to the policies of PMLA out of which one of the requirements is the “**Client Due Diligence**” consisting of adopting written procedures for the following 3 specific parameters:

- i) Policy for Acceptance of Clients.
- ii) Procedure for Identifying the Clients.
- iii) Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR).

Spark Group complies with the reporting requirements under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) in line with the internal policy / process in this regard.

Spark Group shall also upload KYC records onto Central KYC Records Registry (CKYCR) and KYC Registration Agencies (KRAs) as per the regulatory requirements.

5. Name Screening

Spark Group shall ensure that the identity of the customer or parties in cross-border remittance / trade transactions does not match with individuals or entities designated under/by Unlawful Activities (Prevention) (UAPA) Act, 1967, Weapons of Mass Destruction (WMD) and their Delivery System (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005), United Nations Security Council (UNSC), other bodies / agencies, like SEBI or as applicable. The customers or parties bearing resemblance with any of the designated individuals/entities may be reported to the designated authorities in compliance with the extant regulations.

6. Training

Spark Group will ensure that adequate induction and/or ongoing training programmes shall be conducted for all the employees within the organisation periodically.

7. AML Operating Structure and Governance

As required under the provisions of PMLA, Spark Group has designated a Whole Time Director from its Board of Directors and appointed a Principal Officer to oversee the AML and Surveillance activities.

8. Continuous Monitoring Obligations

Implementation of AML/CFT measures requires registered intermediaries to demand certain information from investors which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. As a part of Spark Group's efforts for continuous monitoring and adequate Surveillance, Spark Group may seek certain information from the clients to verify the genuineness of the transaction. The same shall only be for the purpose of verification. Such verification is also carried by various regulators and government agencies. While considering the requests for data/information from such regulators or Government agencies, Spark Group shall satisfy itself that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy of client's transactions. If transactions are found suspicious, Spark Group is under obligation under PMLA to report to the Financial Intelligence Unit established under the provisions of the PMLA.

9. Please visit the website of FIU (www.fiuindia.gov.in) SEBI (www.sebi.gov.in) for any further information on the subject.