

# **Policy on Identification of Beneficial Ownership**

## **M PRASAD & CO LIMITED**

### **Introduction**

**M PRASAD & CO LIMITED** (hereinafter referred to as the 'COMPANY') incorporated on 23<sup>rd</sup> March, 2004 under Companies Act, 1956 as M PRASAD & CO LTD, is Securities and Exchange Board of India (SEBI) registered Stock broker of the National Stock Exchange of India Ltd. (NSEIL), BSE LTD and depositories Participant of Central Depository Services (India) Limited (CDSL).

### **Background**

SEBI has come up with a Circular No. CIR/MIRSD/2/2013 dated January 24, 2013, wherein it has mandated all registered intermediaries to obtain, as part of their Client Due Diligence policy, sufficient information from their clients in order to identify and verify the identity of persons who beneficially owns or controls the accounts opened with the respective intermediaries.

Accordingly, the Company shall comply with the following guidelines:

#### **For clients other than individuals or trusts:**

Where the client is a person *other than an individual or trust*, viz., company, partnership or unincorporated association/body of individuals, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

Explanation: Controlling ownership interest means ownership of/entitlement to:

- i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
- ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
- iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

In cases where there exists doubt under clause (a) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

Explanation: Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.

Where no natural person is identified under clauses (a) or (b) above, the identity of the relevant natural person who holds the position of senior managing official.

**For client which is a trust:**

Where the client is a *trust*, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

**Exemption in case of listed companies:**

Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

**Applicability for foreign investors:**

Intermediaries dealing with foreign investors' viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, may be guided by the clarifications issued vide SEBI circular CIR/MIRSD/11/2012 dated September 5, 2012, for the purpose of identification of beneficial ownership of the client.

**Review of Policy**

The policy may be reviewed as and when there is any change introduced by any statutory authority or as and when it is found necessary to change on account of business needs or Risk management Policy.

**SIGNED BY:**

**FOR M PRASAD & CO LIMITED**

**COMPLIANCE OFFICER**

CONFIDENTIAL