Know Your Customer, Anti Money Laundering and Transaction Monitoring Policy

Carretx Technologies Private Limited
102, 2nd Floor, 17th Cross, 6th Sector, HSR Layout, Bengaluru-560102

FORWARD

Dear Customer

As we navigate through an increasingly complex regulatory landscape, our commitment to integrity, transparency, and regulatory compliance remains steadfast. At Carret, we recognize the critical importance of robust Know Your Customer (KYC), Anti Money Laundering (AML), and Transaction Monitoring practices in safeguarding our operations and maintaining trust with our stakeholders.

This policy document represents our comprehensive approach to meeting regulatory requirements and mitigating financial crime risks. It outlines our principles, procedures, and responsibilities to ensure adherence to global standards and local regulations across all facets of our business operations.

Effective KYC procedures are fundamental to establishing our customers' identities, understanding their financial activities, and assessing the associated risks. Our AML framework is designed to detect, prevent, and report suspicious activities, thereby preventing our services from being used for illicit purposes. Additionally, our transaction monitoring measures are aimed at promptly identifying and investigating unusual transactions and ensuring compliance with regulatory obligations.

Every member of our organisation plays a crucial role in implementing and upholding these measures. By embedding a culture of compliance and vigilance into our daily operations, we protect our business and contribute to the broader effort of safeguarding the financial system.

We encourage all our customers and stakeholders to familiarise themselves with this policy.

Management
CarretX Technologies Private Limited

Document Version History

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1.0	July 01, 2022
1.1	July 01, 2023
1.2	July 01, 2024

Contents

Introduction

1. Introduction

1.1 This Know Your Customer ("**KYC**") and Anti-Money Laundering ("**AML**") Policy ("**KYC/AML Policy**" or "**Policy**") details the KYC and AML requirements to access and use our website (www.carret.in) and mobile application (collectively "**Platform**"), operated under the brand name of "Carret", which provides services of online trading of Crypto/Virtual Digital Assets (VDAs) by way of placing sale and/or purchase orders of Users on third party Crypto exchanges.

1.2 The Platform is managed and operated by Carretx Technology Private Limited, a private limited company incorporated under the Indian Companies Act, 2013 (hereinafter referred to as "**Us**" or **"We**" or "**Carret**" or "**Company**"). User ("**Your**" or "**You**" or "**Customer**" or "**Stakeholder"** or "**Visitor**") accept and understand that this KYC/AML Policy forms a legal and binding agreement between You and Carret.

1.3 Carret reserves the right, at its sole discretion, to change, modify, add or remove portions of this KYC/AML Policy, at any time without any prior written notice. It is Your responsibility to review the KYC/AML Policy periodically for any updates/changes. Your continued use of the Platform following the modification of the KYC/AML Policy will imply the acceptance of this Policy or any changes made to it. You hereby acknowledge and agree that this KYC/AML Policy is also subject to the Terms of Use and Privacy Policy.

1.4 You hereby expressly consent to Carret's continuous monitoring and collecting of information and data on Your activities on our Platform for the purpose of this KYC/AML Policy.

Definitions

2. Definitions

2.1 "**Applicable Law**" shall mean any applicable statute, law, regulation, ordinance, rule, judgment, order, decree, by-law, approval from the concerned authority, government resolution, order, directive, guideline, policy, requirement, or other governmental restriction in force in India, including without limitation the Prevention of Money Laundering Act 2002 and rules, notification, circulars etc. thereunder ("PMLA"),, and various applicable guidelines, rules and regulations of the Computer Emergency Response Team, India, and the Reserve Bank of India or its constituents/payment system providers as applicable, replaced and updated from time to time, the Information Technology Act, 2000, the Income Tax Act, 1961 or any other law as may be applied from time to time."**Crypto(s)**" are virtual digital assets and refer to a cryptographically secured digital representation of value or contractual rights that uses distributed ledger technology andcan be transferred, stored or traded electronically using the Platform, including but not limited to bitcoin (BTC) and Ether (ETH).

2.2 "**Customer**" "Client" shall mean any Person using/accessing the Platform for trading in Cryptos or engaged in a financial transaction or activity with a Carret or Platform and includes a person on whose behalf the person who engaged in the transaction or activity, is acting;

2.3 "**Person**" includes—

a. an individual,

b. a Hindu undivided family,
c. a company,
d. a firm,
e. an association of persons or a body of individuals, whether incorporated or not,
f. every artificial juridical person not falling within any of the preceding sub-clauses and
g. any agency, office or branch or entity owned or controlled by any of the above persons mentioned in the preceding sub-clauses.

2.4 "**Client Due Diligence**" " means due diligence carried out on a Client referred to in clause (ha) of sub-section (1) of section 2 of the PMLA Act. Client Due Diligence ("**CDD**") means identifying the Client and verifying their identity by using a reliable, independent source of documents, data, or information;

2.5 "**Officially Valid Document/OVD**" means the passport, the driving license, proof of possession of an Aadhaar Number or the voter's identity card issued by the Election Commission of India. For the purpose of this definition, 'Aadhaar Number' means an identification number as defined under the Aadhaar (Targeted Delivery of Financial andother Subsidies, Benefits and Services) Act, 2016;

2.6 "**Politically Exposed Person**" (**"PEP"**) is a person who is authorized to perform prominent public functions in a country and includes governors of the state, members of Parliament, military officers, senior government and judicial executives, and heads oflocal bodies such as municipal corporations, among others. You could also qualify as a PEP if You are a family member or a close relative of such an individual;

2.7 "**Suspicious Transaction**" means a transaction, including an attempted transaction on the Platform, whether or not made using fiat currency, which under Carret's sole discretion:

a. give rise to a reasonable ground of suspicion that it may involve proceeds of a crime/an offense, regardless of the value involved; or
b. appears to be made in circumstances of unusual or unjustified complexity or in contravention to any Applicable Law; or
c. appears to have no economic rationale or bona fide purpose; or
d. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism. Terrorism includes transactions involving funds suspected to be linked or related to or to be used for terrorism, terrorist acts, or by a terrorist, terrorist organization, or those who finance or are attempting to finance terrorism.

2.8 "**User Account" or "Carret Account**" shall mean the account created on the Platform or Carret's Wallet through which the User gives instructions for Crypto trading to Carret.

Beneficial Owner

3. Beneficial Owner

3.1 The beneficial owner for the purpose of sub-rule (1) shall be determined as under—

a. where the client is a company, the beneficial owner is the natural person(s), who, whether acting alone or together or through one or more juridical persons, has a controlling ownership interest or who exercises control through other means. Explanation. —For the purpose of this sub-clause—

i. “**Controlling Ownership Interest**” means ownership of or entitlement to more than ten percent of shares or capital or profits of the company;

ii. “**Control**” shall include the right to appoint a majority of the directors or to control the management or policy decisions, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

b. where the client is a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of entitlement to more than fifteen per cent of capital or profits of the partnership;

c. where the client is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together or through one or more juridical persons, has ownership of or entitlement to more than fifteen per cent of the property or capital or profits of such association or body of individuals;

d. where no natural person is identified under (a) or (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

e. where the client is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, and the beneficiaries with Ten per cent 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 and

f. where the client or the owner of the controlling interest is a company listed on a stock exchange or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies, since it may be assumed that such due-diligence has been carried out at the time of listing on the exchange.

KYC Norms

4. Know Your Customer Norms

4.1 KYC is the key principle for the identification of any individual opening and operating a User Account. KYC means to ‘Know Your Customer' which is an effective way for an institution to confirm and thereby verify the authenticity of a customer.

4.2 The Customer identity and current address, including permanent address, should entail verification on the basis of documents and information provided by the Customer. The objectives of KYC are as under:

a. To ensure appropriate customer identification,
b. Monitor the transactions of a suspicious nature,
c. Satisfy that the proposed customer is not an undischarged insolvent,
d. Minimise frauds,
e. Avoid opening Benami accounts with fictitious names and addresses and
f. Weed out undesirable customers.

4.3 **Documents Required for KYC—**The documents shall be collected as per Company Policy for the purpose of KYC.

4.4 **Declarations and Obligations-**

a. At the time You open a Carret Account and opt to use the Platform, Carret shall endeavour to identify and verify Your identity. To this effect, Carret shall collect, and You, as the User, shall provide, such documents and data, as requested by Carret from time to time, to establish and verify the identity of the User / for KYC purposes / to establish and verify the nature of any Suspicious Transaction undertaken on the Platform. All data provided by You for KYC and customer identification purposes or information on the Suspicious Transaction shall be true, correct, and up-to-date. Carret may also use/deploy various software and/or technology or other means, either directly or through its service providers/vendors, to establish and verify Your identity and/or the documents/information provided by You. You hereby consent to any such identity verification and KYC checks;

b. The documents and data for KYC and customer identification purposes shall be requested from the User and shall be accessed and used by Carret as per this Policy, the Applicable Laws, and the Privacy Policy.

c. Carret shall endeavor to verify, either itself or through third-party vendors/service providers, the identity and address of the Users along with the other details and documents submitted by You as may be legally/operationally tenable, including but not limited to using the following methods:

A. PAN/e-PAN verification through government sources or
B. Masked/ Offline Aadhar/Proof of Possession of Aadhar under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016; or
C. Passport issued under the Passports Act, of 1967; or
D. Verification of Voter ID card issued by the Election Commission of India or
E. Where the client is a company, it shall for the purposes of sub-rule (1), submit to the reporting entity the certified copies of the following documents or the equivalent e-documents thereof, namely: -

    i. Certificate of incorporation;
    ii. Memorandum and Articles of Association;
    iii. Permanent Account Number of the company;
    iv. a resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf; and
    v. a resolution from the Board of Directors and power of attorney granted to its managers, officers or employees, as the case may be, to transact on its behalf; and
    vi. such documents as are required for an individual under sub-rule (4) relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf;
    vii. Carret may require any other document from time to time.

4.5 You, as the User, hereby agree to provide the required documents and information for KYC checks in a timely manner to create and to continue using the User Account through which You may give instructions on the Platform.

4.6 Your failure as a User to provide the requisite KYC documents or any identification documents or information as requested by Carret may hinder or completely restrict Your use of the Platform and the related services to the User.

4.7 You acknowledge and agree that the foregoing list of documentation, verification, and information may be amended by Carret by way of a notification/intimation, in its sole discretion from time to time, without prior notice.

4.8 Carret reserves the right to examine or request additional information and documents to establish Your identity and financial position, including sources of Your funds and/or details of the Crypto wallet to which You transferred / from where You received any Crypto, and You shall provide all assistance and cooperation in this regard. If You fail/refuse to comply with the requirements herein, Carret shall not allow You to create or operate the User Account or carry out Crypto transactions through the Platform.

4.9 You agree to provide such additional documents as may be required by Carret to ensure compliance with any Applicable Laws or Carret's policies or a request from any law enforcement authorities immediately upon receipt of a written request from Carret.

4.10 You further represent, warrant, and agree to provide true, correct, and complete KYC documents, information, and data to Carret / its delegates/agents/representatives.

4.11 Where any transaction or series of transactions undertaken by You are considered as Suspicious Transaction(s) at the sole discretion of Carret or Carret reasonably perceives that it is likely to involve proceeds of crime or be used towards any illegal activity, or in an event, if Carret receives requests/requisitions from any banking partner/ payment system provider or participant/ statutory/ regulatory/ supervisory/ law enforcement authority/enforcement authority ("Authorities"), Carret shall report all such Suspicious Transaction(s) to the Authorities, as well as use, retain and share Your personal data, documents, and information available with Carret with the Authorities, and block and freeze Your access to the Platform and Your Carret Account, and may also increase the future monitoring of such User Account. You, as the User, hereby undertake and warrant to provide all assistance, support, and cooperation in this regard, including additional documents to verify the identity or the details of the transaction.

4.12 Carret does not allow the opening or keeping of anonymous User Accounts, creating accounts under fictitious names or on behalf of other persons whose identity has not been disclosed or cannot be verified, or creating more than one (1) account for a person.

5. Your Obligations

5.1 You agree to use the Platform only for lawful and legal purposes as per this KYC/AML Policy, as amended from time to time, and the Applicable Laws.

5.2 You shall not use the Platform for any illegal or unlawful or criminal or anti-national purposes or for financing any such activity under any circumstance whatsoever.

5.3 You shall not impersonate another person or misrepresent Yourself on the Platform Under any circumstance whatsoever.

5.4 You undertake and warrant not to indulge in any Benami transactions or any transactions that are in violation of any Applicable Laws, this Policy or any other policy or instruction as issued by Carret from time to time.

Customer Acceptance Policy (CAP)

6. Account Opening Procedures

6.1 Any Indian resident can open a Carret Account with Carret, and such a Carret Account can only be accessed within the geographical territory and jurisdiction of India.

6.2 The User has to provide the following before his/ her Carret Account can bemade operational:

a. Permanent Account Number (PAN) given by Income Tax Authorities,
b. Documents for identification and proof of residence (Aadhaar/Voter ID/Passport),
c. Live selfie from the camera.
d. Other KYC documents specified above.

Please note that after the account opening process, the User will be required to add and verify their bank account/UPI ID to make INR deposits/withdrawals.

6.3 The above documents/data would help to establish the identity of the person opening the account but would not be sufficient to prepare a profile of expected activities in the Carret Account. Towards this, the following additional details may need to be collected while opening the Carret Account:

a. Annual income,
b. Occupation,
c. If a Politically Exposed Person (PEP),

6.4 The User's Carret Account will only be made operational so that the User can avail of our services when such documents, information as mentioned above, or any other additional information as requested by Carret has been verified to the satisfaction of Carret.

6.5 Carret shall maintain an audit trail of any upload/modification/download.

7. Safeguard measures taken by Carret

7.1 Before registering a Carret Account, we on a reasonable effort’s basis ensure that:

a. Such Carret Account is not under an anonymous or fictitious/benami name.
b. No Carret Account is made operational, and the User is not allowed to avail of our services in the event that we are unable to apply appropriate CDD measures, i.e., verify the User identity and/or obtain the required documents or the documents/information furnished to Carret are unreliable, either due to the User's non-cooperation or the customer's non-reliability.
c. No account is opened, or trades are executed without following CDD procedure.
d. The User's identity does not match that of any person with a known criminal background or having any association/ relationship with banned entities/ persons, such as individual terrorists or terrorist organizations.
e. Where Goods and Services Tax (GST) details are available, the GST number shall be verified using the issuing authority's search/verification facility.
f. Where an equivalent e signed-document is obtained from the customer, Carret shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000)

7.2 Users are not permitted to act on behalf of another User and can only transact on Carret's platform on their own account, with their own funds, and fortheir own benefit. Users are not permitted to open any of the following:

a. an anonymous account;
b. an account under a fictitious name; or
c. an account on behalf of other persons whose identity is undisclosed or unverifiable.

7.3 Carret may review the User's Carret Account and transactions for any Suspicious Transactions at its sole discretion. If Carret receives a request for the same from Authorities, and based on Carret's judgment or instruction from Authorities, such Carret Account may be suspended, frozen, blocked, disabled, or terminated.

7.4 Carret may, in its sole discretion, refuse to open any new accounts, suspend or terminate existing User Accounts after giving due notice, or refuse to process any transactions on the Platform if it is unable to ensure compliance with any ofthe aforementioned conditions, either due to non-cooperation by the User or due to the details provided by the User being found enlisted on any Sanctions Lists or unreliable or unverifiable to Carret's satisfaction.

7.5 **Requirements/obligations under international agreements & Communication from international agencies:** Carret shall reasonably ensure that it does not have any account in the name of individuals appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC), otherwatch lists and sanctions lists.

Client Due Diligence

8. Commencement of an account-based relationship

8.1 Carret shall, at the time of commencement of an account-based relationship-

a. identify its clients, verify their identity, obtain information on the purpose and intended nature of the business relationship, and
b. determine whether a client is acting on behalf of a beneficial owner, identify the beneficial owner and take all steps to verify the identity of the beneficial owner, Provided that the Regulator is of the view that money laundering and terrorist financing risks are effectively managed and where this is essential not to interrupt the normal conduct of business, the Regulator may permit the reporting entity to complete the verification as soon as reasonably practicable following the establishment of the relationship; and

8.2 in all other cases, verify identity while carrying out:

a. transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected or

b. any international money transfer operations.

9. User identification

Identification of a User is an important prerequisite for registering and opening a CarretAccount. No Carret Account is allowed on the Platform unless verification and due diligence of said User is successfully completed by Carret.

9.1 **What is Identity? -** Identity generally means a set of attributes that together uniquely identify a ‘natural’ or a ‘legal’ person. The attributes which help in the unique identity of a ‘natural’ or ‘legal’ person are called identifiers. Identifiers are of two types: a.) Primary and b.) Secondary

a. Primary Identifiers: Means and includes the name (in full), Date of Birth, PAN number, and Passport number/Voter Identity Card/Driving License as they help in uniquely establishing the identity of the person.

b. Secondary Identifiers: Includes address, location, Nationality, and other such identification, as they help further refine the identity. User identification does not start and end at the point of application but it is always an ongoing exercise

9.2 **What is Identification? -** Identification is the act of establishing who a person is:

a. In the context of KYC, identification means establishing who a person purports to be.
b. This is done by recording the information provided by the User covering the elements of his identity (i.e. name, and the address at which they can be located).
c. To undertake CDD, the following shall be obtained from an individual while establishing a relationship. The features to be verified and the documents to be obtained for establishing the identity of a person are as follows:

   i. Permanent Account Number (PAN) or the equivalent e-PAN, and
   ii. Certified copy of an Officially Valid Document (OVD) or the equivalent e-document thereof containing the details of identity and address. “Officially Valid Document” (OVD) means i) the Passport, ii) the Aadhaar card, iii) the Voter's Identity Card, iv) or any other document as required by Carret from time to time and in its sole discretion.

9.3 **What is Verification? -** Verification of identity is the process of proving whether a person actually is whothey claim to be. In the context of KYC, verification is the process of seeking satisfactory evidence of the identity of those with whom Carret does business. This is done by carrying out checks on the correctness of the information provided by the customer. Carret does the following name screening throughout our relationship with a customer and in cases where there is a need for change in the corporate ownership structure:

a. Before the establishment of the relationship
b. Ongoing Screening
c. Adverse media list

9.4 **Process of Manual-KYC-** In scenarios where the document provided by a User has some issues and cannot be validated using the automated solutions Carret has in place, a manual KYC might be required from the User to validate the identity and authenticity of the document/ information submitted by them. We would also use the manual KYC process while performing enhanced due diligence wherever required.

9.5 **Periodic Updating of KYC—**Due to the high-risk nature of VDAs, the KYC of Users shall be periodically updated at such intervals of time and using such processes/documents as decided by Carret at its sole discretion at least every year.

a. **No change in KYC information**: In case of no change in the KYC information, a self-declaration from the User in this regard shall be obtained through the User's email ID and mobile number registered with Carret. In case of any change in the KYC information, the same shall be reported by the user to Carret immediately but not later than 30 days from the date of such change.

b. **Change in address**: In case of a change only in the User's address details, a self-declaration of the new address may be obtained from the User through the User's email ID and mobile number registered with Carret, along with valid proof to be submitted by the User for the change in such address.

c. **Change in contact information like a phone number or email address**: In case of a change in the contact details of the User, the User can reach out to Carret to get the details updated, along with valid proof of change and demonstrating ownership of the Carret Account for which the details are to be updated.

9.6 **Types of CDD—**There are 2 types of Customer Due Diligence (CDD) that can be used in accordance with the customer's risk category.

a. **Basic Due Diligence** means the collection and verification of identity proof,address proof, and a photograph to establish the identity of the User. This is done on the basis of the documents and information submitted by the User.

b. **Enhanced Due Diligence** (EDD) means additional diligence measures undertaken over and above the Basic Due Diligence. Steps under EDD shall include but will not be limited to checking if a User falls under the category of Politically Exposed Persons (PEPs), or is associated with any terrorist activities/groups, monitoring the account activity of such users, etc. Carret shall conduct Basic Due Diligence, EDD, or any other due diligence activity or measures which, under its sole discretion and/ or under Applicable Laws, is required fora User registering or using the Platform. Enhanced due diligence for politically exposed persons ("PEP") shall take place as per Company Policy.

Sanction Screening for VDA Transfer

10. Sanction Screening for VDA Transfer

10.1 For the purpose of enhanced monitoring, sanctions screening should be carried out by the Carret both at the time of onboarding and when any VDA transfer is initiated. Carret must ensure prompt application of the directives when issued by the competent authorities for implementing United Nations Security Council Resolutions relating to the suppression and combating of terrorism, terrorist financing and proliferation of weapons of mass destruction and its financing, and other related directives, as well as compliance with all other applicable laws, regulatory requirements and guidelines in relation to economic sanctions.

10.2 Carret Shall also ensure prompt application of the directives when issued by the competent authorities relating to the individuals designated as 'terrorist' under Section 35(1)(a) of the Unlawful Activities (Prevention) Act, 1967 and directives when issued by the competent authorities/regulators/FIU.

10.3 Carret may put in place the following safeguards in this regard:

a. Putting a wallet on hold until screening is completed and confirming that no concern is raised.

b. Arranging to receive a VDA transfer with a provider's wallet that links to a customer's wallet and moving the transferred VDA to its customer's wallet only after the screening is completed and has confirmed that no concern is raised.

Travel Rule and Identification of Ultimate Beneficiary Policy

11. Travel Rule and Identification of Ultimate Beneficiary Policy

11.1 We at Carret understand that the Travel Rule requires Virtual Digital Assets Service Providers ("VDA SPs") to share sender and recipient data with each other during the transaction. In simple words, the personal data of the transacting entities “travels” along with their transfers and requires the following information to accompany all qualifying wire transfers-

a. Originator’s Permanent Account Number (PAN) or National Identity Number;
b. Originator’s name (i.e., the sending person’s accurate (i.e., verified) full name);
c. Originator’s account number used to process the transaction. In the VDA context, this would mean the “wallet address” of the originator;
d. The originator’s physical (geographical) address that uniquely identifies the originator to the ordering institution or date and place of birth, provided that the originator SP has verified such an address for accuracy as part of its KYC process.
e. Beneficiary’s name (i.e., the name of the person who is identified by the originator as the receiver of the VDA transfer). This is not required to be verified by the ordering institution for accuracy but should be reviewed for the purpose of STR monitoring and sanction screening and
f. The beneficiary account number is used to process the transaction. In the VDA context, this could mean the “wallet address” of the beneficiary.

Review, Amendments and Contact

12. Review and Amendments

This policy will be reviewed periodically and updated according to changes in regulatory requirements and industry best practices. Any amendments will be communicated promptly to all relevant stakeholders.

13. Contact & Compliance Officer-

a. Carret has appointed a ‘Principal Officer’ to ensure overall compliance with the obligations imposed herein and under any Applicable Laws. At present, any compliance-related queries can be addressed at yield@carret.in.

b. In case of any complaint or queries with respect to this Policy or of any other nature or to report any suspicious or illegal activity of a User within Your knowledge, you may write to us at yield@carret.in.

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