

RELIANCE VENTURES LIMITED

**POLICY ON KNOW YOUR CUSTOMER (KYC)
GUIDELINES - ANTI- MONEY LAUNDERING (AML) STANDARDS**

1. INTRODUCTION

- 1.1. Pursuant to the guidelines and notifications issued from the Reserve Bank of India (RBI), from time to time, The Policy on “KNOW YOUR CUSTOMER” (“KYC Policy”) has been put in place and the same was approved by the Board at its meeting held on October 24, 2008. Further, the Board of Directors of Reliance Ventures Limited (“the Company”) had last reviewed the same at its meeting held on January 15, 2015.
- 1.2. The Reserve Bank of India on February 25, 2016 has issued the KYC Directions, 2016 consolidating all the norms on the subject issued so far. The Board of Directors at its meeting on July 13, 2016 has reviewed and revised the KYC policy pursuant to the aforesaid Directions. The revised KYC policy will become effective from July 13, 2016.
- 1.3. The Board of Directors of the Company has reviewed and revised the KYC Policy in accordance with the provisions of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Master Direction - Know Your Customer (KYC) Direction, 2016, at its meeting held on January 16, 2018. The revised KYC Policy is effective from January 16, 2018.
- 1.4. Further, the Master Direction was updated on May 29, 2019. The Board of Directors of the Company has reviewed and revised the KYC Policy in accordance with the provisions of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Master Direction - Know Your Customer (KYC) Direction, 2016, at its meeting held on July 15, 2019. The revised KYC Policy is effective from July 15, 2019.
- 1.5. This policy is being amended and updated in line with the **Master Directions - Know Your Customer (KYC) Direction, 2016 issued vide RBI Circular No. DBR.AML.BC.No.81/ 14.01.001/2015-16 dated February 25, 2016** as updated and amended till May 10, 2021. The updated policy has been adopted by the Board of Directors of the company at the Board meeting held on July 20, 2021.
- 1.6. Pursuant to any subsequent amendments or any statutory modifications or re-enactments in the above stated guidelines / norms / clarifications or in any other applicable acts / regulations, if there is any change in any of the parameter(s) framed by the Board, then the act / regulation will have overriding effect on the parameter(s).

2. OBJECTIVES OF THE POLICY

- 2.1 To lay down policy framework for abiding by the Know Your Customer Directions – Anti Money Laundering Standards as set out by RBI.
- 2.2 To prevent the Company from being used intentionally or unintentionally by criminal elements for money laundering activities. Know Your Customer (KYC) procedures also enable the Company to know/understand their customers and their financial dealings better, which in turn help to manage the risks prudently.
- 2.3 To put in place appropriate controls for detection and reporting of suspicious transactions in any account with the company or activities in accordance with applicable laws / laid down procedures.
- 2.4 To comply with applicable laws and regulatory guidelines.

3. DEFINITIONS

The important terms and words as defined in the RBI Directions are reproduced hereunder for the purpose of creating awareness among the persons responsible for implementation of the RBI Directions.

3.1 “Act” and “Rules”

“Act” and “Rules” means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto.

3.2 Beneficial Owner (BO)

- a. Where the **customer is a company**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have a controlling ownership interest or who exercise control through other means.

Explanation- For the purpose of this sub-clause-

1. *“Controlling ownership interest” means ownership of/entitlement to more than 25 per cent of the shares or capital or profits of the company.*

2. *“Control” shall include the right to appoint 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 **customer 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/have ownership of/entitlement to more than 15 per cent of capital or profits of the partnership.

c. Where the **customer 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 person, has/have ownership of/entitlement to more than 15 per cent of the property or capital or profits of the unincorporated association or body of individuals.

Explanation: Term 'body of individuals' includes societies. Where no natural person is identified under (a), (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

d. Where the **customer is a trust**, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, 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.

Explanation: Term 'body of individuals' includes societies.

3.3 Customer:

"Customer" means a person who is engaged in a financial transaction or activity with the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

3.4 Designated Director:

"Designated Director" means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and shall include the Managing Director or a whole-time Director duly authorized by the Board of Directors if the reporting entity is a company.

- (a) A "Designated Director" shall be nominated by the Board.
- (b) The name, designation and address of the Designated Director shall be communicated to the FIU-IND.
- (c) In no case, the Principal Officer shall be nominated as the 'Designated Director'.

Explanation - For the purpose of this clause, the terms "Managing Director" and "Whole-time Director" shall have the meaning assigned to them in the Companies Act, 2013.

3.5 Officially Valid Document:

“Officially valid document” means the passport, the driving license, proof of possession of Aadhaar number, the Voter’s Identity Card issued by Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government, the letter issued by National Population Register containing details of name and address.

Provided that,

- a. where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form as are issued by the Unique Identification Authority of India.
- b. where the OVD furnished by the customer does not have updated address, the following documents shall be deemed to be OVDs for the limited purpose of proof of address:-
 - i. utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
 - ii. property or Municipal tax receipt;
 - iii. pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
 - iv. letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation;
- c. the customer shall submit OVD with current address within a period of three months of submitting the documents specified at ‘b’ above
- d. where the OVD presented by a foreign national does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.

Explanation: For the purpose of this clause, a document shall be deemed to be an OVD even if there is a change in the name subsequent to its issuance provided it is supported by a marriage certificate issued by the State Government or Gazette notification, indicating such a change of name.

3.6 Certified Copy of OVD:

Obtaining a certified copy by regulated entity shall mean comparing the copy of officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of the regulated entity.

Provided that in case of Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs), as defined in Foreign Exchange Management (Deposit) Regulations, 2016

{FEMA 5(R)}, alternatively, the original certified copy of OVD, certified by any one of the following, may be obtained:

- authorised officials of overseas branches of Scheduled Commercial Banks registered in India,
- branches of overseas banks with whom Indian banks have relationships,
- Notary Public abroad,
- Court Magistrate,
- Judge,
- Indian Embassy/Consulate General in the country where the non-resident customer resides.

Offline Verification:

“Offline Verification” as defined in the Aadhaar and Other Law (Amendment) Ordinance, 2019, means the process of verifying the identity of the Aadhaar number holder without authentication, through such offline modes as may be specified by the Aadhaar regulations.

3.7 Principal Officer:

“Principal Officer” means an officer nominated by the Company, responsible for furnishing information as per rule 8 of the Rules.

- (a) The Principal Officer shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations.
- (b) The name, designation and address of the Principal Officer shall be communicated to the FIU-IND.

4. Compliance of KYC policy:

The Designated Director shall ensure compliance with KYC Policy for the Company through:

- Independent evaluation of the compliance functions of REs’ policies and procedures, including legal and regulatory requirements.
- Concurrent/internal audit system to verify the compliance with KYC/AML policies and procedures.
- Submission of quarterly audit notes and compliance to the Audit Committee.

5. The following terms shall bear the meanings assigned to them below:

- i. “Walk-in Customer” means a person who does not have an account based relationship with the Company, but undertakes transactions with the Company.
- ii. “Customer Due Diligence (CDD)” means identifying and verifying the customer and the beneficial owner.
- iii. “Customer identification” means undertaking the process of CDD.

- iv. “ FATCA” means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest.
- v. “IGA” means Inter Governmental Agreement between the Governments of India and the USA to improve international tax compliance and to implement FATCA of the USA.
- vi. “KYC Templates” means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.
- vii. “On-going Due Diligence” means regular monitoring of transactions in accounts to ensure that they are consistent with the customers’ profile and source of funds.
- viii. “Periodic Updation” means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the Reserve Bank.
- ix. “Politically Exposed Persons” (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States/Governments, senior politicians, senior government/judicial/ military officers, senior executives of state-owned corporations, important political party officials, etc.

6. POLICY GUIDELINES

The key elements to the KYC guidelines as set out by RBI:

- Customer Acceptance Policy;
- Risk Management;
- Customer Identification Procedures (CIP); and
- Monitoring of Transactions

6.1 Customer Acceptance Policy (CAP)

The guidelines for Customer Acceptance Policy (CAP) for the Company are given below:

- i) No account should be opened or to be kept in anonymous or in fictitious names or on behalf of other persons whose identity has not been disclosed or cannot be verified.
- ii) Documentation requirements and other information to be collected for following the CDD procedure in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of PML Act, 2002 read with the relevant rules and guidelines issued by RBI from time to time;
- iii) Accept customers after verifying their identity as laid down in customer identification procedures;
- iv) Circumstances, in which a customer is permitted to act on behalf of another person / entity, should be clearly spelt out in conformity with the established law.
- v) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified.

- vi) 'Optional'/additional information, is obtained with the explicit consent of the customer after the account is opened.
- vii) RVL shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of an RE desires to open another account with RVL, there shall be no need for a fresh CDD exercise.
- viii) CDD Procedure is followed for all the joint account holders, while opening a joint account.
- ix) Suitable system is put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the UNSC sanctions lists circulated by Reserve Bank of India.
- x) Customer Acceptance Policy shall not result in denial of financial facility to members of the general public, especially those, who are financially or socially disadvantaged.

6.2 Risk Management

For Risk Management, the Company shall have a risk based approach which includes the following:

- (a) Customers shall be categorised as low, medium and high risk category, based on the assessment and risk perception of the Company.
- (b) Risk categorisation shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.

Financial Action Task Force (FATF) Public Statement, the reports and guidance notes on KYC/AML issued by the Indian Banks Association (IBA), guidance note circulated to all cooperative banks by the RBI etc., may also be used in risk assessment.

6.3 Customer Identification Procedure (CIP)

6.3.1 Customer identification means identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information. The Company, through its officials, shall invariably ascertain the identity of the prospective borrower(s) before accepting the proposal for appraisal purpose. Verification of KYC documents would be the first step before execution of documents by the prospective borrower. In view of the above and for complying KYC norms, the Company would obtain all documents required for complying with KYC. The details of indicative documents which need to be obtained for the various types of customers are given in Annexure 1.

6.3.2 For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, RVL, may at its option, rely on customer due diligence done by a third party, subject to the following conditions:

- (a) Records or the information of the customer due diligence carried out by the third party is obtained within two days from the third party or the unique number or code assigned to a customer is obtained from the Central KYC Records Registry.
- (b) Adequate steps shall be taken by RVL to satisfy itself that copies of identification data and other relevant documentation relating to the customer due diligence requirements shall be made available from the third party upon request without delay.
- (c) The third party is regulated, supervised or monitored for, and has measures in place for, compliance with customer due diligence and record-keeping requirements in line with the requirements and obligations under the PML Act.
- (d) The third party shall not be based in a country or jurisdiction assessed as high risk.
- (e) The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with RVL.

6.3.3 CDD Procedure in case of Individuals

RVL shall apply the following procedure while establishing an account-based relationship with an individual:

- (a) Obtain information as mentioned under OVD; and
- (b) Such other documents pertaining to the nature of business or financial status specified by RVL in their KYC policy.

Provided that information collected from customers for the purpose of opening of account shall be treated as confidential and details thereof shall not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer.

Explanation: CDD procedure, including Aadhaar authentication and obtaining PAN/ form 60 as applicable, shall be carried out for all the joint account holders.

Accounts opened using OTP based e-KYC, in non face to face mode are subject to the following conditions:

- (i) There must be a specific consent from the customer for authentication through OTP
- (ii) The aggregate of all credits in a financial year, in all the deposit taken together, shall not exceed rupees two lakh.
- (iii) As regards borrowal accounts, only term loans shall be sanctioned. The aggregate amount of term loans sanctioned shall not exceed rupees sixty thousand in a year.

- (iv) Accounts, opened using OTP based e-KYC shall not be allowed for more than one year within which Biometric based e-KYC authentication is to be completed.
- (v) If the CDD procedure as mentioned above is not completed within a year, in respect of borrowal accounts no further debits shall be allowed.
- (vi) RVL shall ensure that only one account is opened using OTP based KYC in non face to face mode and a declaration shall be obtained from the customer to the effect that no other account has been opened nor will be opened using OTP based KYC in non face to face mode. Further, while uploading KYC information to CKYCR, RVL shall mention that such accounts are opened using OTP based e-KYC and other REs shall not open accounts based on the KYC information of accounts opened with OTP based e-KYC procedure in non face to face mode.
- (vii) RVL shall have strict monitoring procedures including systems to generate alerts in case of any non-compliance/violation, to ensure compliance with the above-mentioned conditions.

6.4 V-CIP

REs may undertake live V-CIP, to be carried out by an official of the RE, for establishment of an account based relationship with an individual customer, after obtaining his informed consent and shall adhere to the following stipulations:

- i. The official of the RE performing the V-CIP shall record video as well as capture photograph of the customer present for identification and obtain the identification information as below:. Further, services of Business Correspondents (BCs) may be used by the RE for aiding the V-CIP.
- ii. RE (other than banks) can only carry out Offline Verification of Aadhaar for identification. Further, the RE shall capture a clear image of PAN card to be displayed by the customer, Live location of the customer (Geotagging), match with the photograph given in Aadhar Card and PAN Card details provided by the customer and shall ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp. RE shall also take all other precautions and safeguards as prescribed and provided for in the RBI Master Directions on KYC Norms.

6.5 Digital KYC Process

- A. The Company shall develop an application for digital KYC process which shall be made available at customer touch points for undertaking KYC of their customers and the KYC process shall be undertaken only through this authenticated application of the Company or its authorized entity / officials.
- B. The access of the Application shall be controlled by the Company and it should be ensured that the same is not used by unauthorized persons. The Application shall be accessed only through login-id and password or Live OTP or Time OTP controlled mechanism given by the Company to its authorized officials.

- C. The customer, for the purpose of KYC, shall visit the location of the authorized official of the Company or officials of its authorized entity or vice-versa. The original OVD shall be in possession of the customer.
- D. The Company shall ensure that the Live photograph of the customer is taken by the authorized officer and the same photograph is embedded in the Customer Application Form (CAF). Further, the system Application of the Company shall put a water-mark in readable form having CAF number, GPS coordinates, authorized official's name, unique employee Code (assigned by Res / authorised entity) and Date (DD:MM:YYYY) and time stamp (HH:MM:SS) on the captured live photograph of the customer.
- E. The Application of the Company shall have the feature that only live photograph of the customer is captured and no printed or video-graphed photograph of the customer is captured. The background behind the customer while capturing live photograph should be of white colour and no other person shall come into the frame while capturing the live photograph of the customer.
- F. Similarly, the live photograph of the original OVD or proof of possession of Aadhaar where offline verification cannot be carried out (placed horizontally), shall be captured vertically from above and water-marking in readable form as mentioned above shall be done. No skew or tilt in the mobile device shall be there while capturing the live photograph of the original documents.
- G. The live photograph of the customer and his original documents shall be captured in proper light so that they are clearly readable and identifiable.
- H. Thereafter, all the entries in the CAF shall be filled as per the documents and information furnished by the customer. In those documents where Quick Response (QR) code is available, such details can be auto-populated by scanning the QR code instead of manual filing the details. For example, in case of physical Aadhaar/e-Aadhaar downloaded from UIDAI where QR code is available, the details like name, gender, date of birth and address can be auto-populated by scanning the QR code.
- I. Once the above mentioned process is completed, a One Time Password (OTP) message containing the text that 'Please verify the details filled in form before sharing OTP' shall be sent to customer's own mobile number. Upon successful validation of the OTP, it will be treated as customer signature on CAF. However, if the customer does not have his/her own mobile number, then mobile number of his/her family/relatives/ known persons may be used for this purpose and be clearly mentioned in CAF. In any case, the mobile number of authorized officer registered with the RE shall not be used for customer signature. The RE must check that the mobile number used in customer signature shall not be the mobile number of the authorized officer.
- J. The authorized officer shall provide a declaration about the capturing of the live photograph of customer and the original document. For this purpose, the

authorized official shall be verified with One Time Password (OTP) which will be sent to his mobile number registered with the Company / Authorised Entity. Upon successful OTP validation, it shall be treated as authorized officer's signature on the declaration. The live photograph of the authorized official shall also be captured in this authorized officer's declaration.

- K. Subsequent to all these activities, the Application shall give information about the completion of the process and submission of activation request to activation officer of the Company / Authorised Entity, and also generate the transaction-id/reference-id number of the process. The authorized officer shall intimate the details regarding transaction-id/reference-id number to customer for future reference.
- L. The authorized officer shall check and verify that:- (i) information available in the picture of document is matching with the information entered by authorized officer in CAF. (ii) live photograph of the customer matches with the photo available in the document.; and (iii) all of the necessary details in CAF including mandatory field are filled properly.;
- M. On Successful verification, the CAF shall be digitally signed by authorized officer who will take a print of CAF, get signatures/thumb-impression of customer at appropriate place, then scan and upload the same in system. Original hard copy may be returned to the customer.

The Company may use the services of Business Correspondent (BC) for this process or its group company as provided for in the RBI Master Directions on KYC Norms.

6.6 On-going Due Diligence

RVL shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile; and the source of funds. The extent of monitoring shall be aligned with the risk category of the customer.

- (a) A system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place.
- (b) The transactions in accounts of marketing firms, especially accounts of Multi-level Marketing (MLM) Companies shall be closely monitored.

6.7 Maintenance of records of transactions

The Company shall have a system of maintaining proper record of transactions, as mentioned below:

- (A) All cash transactions of the value of more than rupees 10 lakh or its equivalent in foreign currency;

- (B) All series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds rupees ten lakhs or its equivalent in foreign currency;
- (C) All cash transactions where forged or counterfeit currency notes have used as genuine and where any forgery of a valuable security has taken place;
- (D) All suspicious transactions whether or not made in cash and in a manner as mentioned in the Rules framed by Government of India under the Prevention of Money Laundering Act, 2002 and the Prevention of Money Laundering (Amendment) Act, 2012.
- (E) All cross border wire transfers of the value of more than five lakh rupees or its equivalent in foreign currency where either the origin or destination of fund is in India.
- (F) All purchase and sale by any person of immovable property valued at fifty lakh rupees or more that is registered by the reporting entity, as the case may be.

6.8 Information to be preserved

The Company shall maintain the following information in respect of the transactions, as mentioned below:

- i) The nature of transactions;
- ii) The amount of the transaction and the currency in which it was denominated;
- iii) The date on which the transaction was conducted; and
- iv) The parties to the transaction.

6.9 Maintenance and Preservation of records

The Company shall evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly. The Company, designated director and officers of the Company would observe the procedure and the manner of maintaining information as specified by the Regulator.

The following steps shall be taken regarding maintenance, preservation and reporting of customer account information, with reference to provisions of PML Act and Rules. The Company shall:

- (a) maintain all necessary records of transactions between the Company and the customer, both domestic and international, for at least five years from the date of transaction;
- (b) preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least five years after the business relationship is ended;
- (c) make available the identification records and transaction data to the competent authorities upon request;

- (d) introduce a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules, 2005;
- (e) maintain all necessary information in respect of transactions prescribed under Rule 3 of PML Rules, 2005 so as to permit reconstruction of individual transaction, including the following:
 - (i) the nature of the transactions;
 - (ii) the amount of the transaction and the currency in which it was denominated;
 - (iii) the date on which the transaction was conducted; and
 - (iv) the parties to the transaction.
- (f) evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;
- (g) maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

6.10 Reporting to Financial Intelligence Unit-India

The Company should communicate to the Director, Financial Intelligence Unit-India (FIU-IND) the name, designation and address of the Designated Director and the Principal Officer.

The Company should furnish to the Director, Financial Intelligence Unit-India (FIU-IND), information referred to in Rule 3 read with Rule 7 of the PML, 2005 in the manner as specified by FIU-IND.

The Principal Officer will be responsible for delay in reporting, non-reporting or mis-reporting.

7. CLIENT DUE-DILIGENCE

- (i) The Company would at the time of commencement of an account-based relationship identify its clients, verify their identity, obtain information on the purpose and intended nature of the business relationship and determine whether a client is acting on behalf of a beneficial owner, and identify the beneficial owner and take all steps to verify the identity of the beneficial owner. In all other cases, verify and identify its clients while carrying out-
 - 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
 - any international money transfer operations.

The beneficial owner shall be determined as under –

- (a) where the Customer is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has / have a controlling ownership interest or who exercises control through other means.

Explanation.- For the purpose of this sub-clause-

1. "Controlling ownership interest" means ownership of or entitlement to more than twenty-five percent of shares or capital or profits of the company;

2. "Control" shall include the right to appoint 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 Customer 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 percent 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 person, has ownership of or entitlement to more than fifteen percent 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, the beneficiaries with fifteen percent 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.
- (ii) The Company may rely on a third party due diligence subject to the conditions that-
- the Company should within 2 days obtain necessary information of such client due diligence carried out by the third party from the third party or from the Central KYC Records Registry;
 - the Company should take adequate steps to satisfy itself that copies of identification data and other relevant documentation relating to the client due diligence requirements would be made available from the third party upon request without delay;
 - the Company should be satisfied that such third party is regulated, supervised or monitored for, and has measures in place for compliance with client due diligence and record-keeping requirements in line with the requirements and obligations under the PML Act;

- the third party is not based in a country or jurisdiction assessed as high risk; and
 - the Company would be ultimately responsible for client due diligence and undertaking enhanced due diligence measures, as applicable.
- (iii) The Company would carry out on-going due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and, wherever necessary, the source of funds.

8. Periodic Updation – Risk Based Approach

REs shall adopt a risk-based approach for periodic updation of KYC. However, periodic updation shall be carried out at least once in every two years for high risk customers, once in every eight years for medium risk customers and once in every ten years for low risk customers from the date of opening of the account / last KYC updation. Policy in this regard shall be documented as part of REs' internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

a) Individual Customers:

No change in KYC information: In case of no change in the KYC information, a self-declaration from the customer in this regard shall be obtained through customer's email-id registered with the RE, customer's mobile number registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter etc.

Change in address: In case of a change only in the address details of the customer, a self-declaration of the new address shall be obtained from the customer through customer's email-id registered with the RE, customer's mobile number registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter etc., and the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables etc.

Further, REs, at their option, may obtain a copy of OVD or deemed OVD or the equivalent e-documents thereof, as defined in Section 3(a)(xiii), for the purpose of proof of address, declared by the customer at the time of periodic updation. Such requirement, however, shall be clearly specified by the REs in their internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

Accounts of customers, who were minor at the time of opening account, on their becoming major: In case of customers for whom account was opened when they were minor, fresh photographs shall be obtained on their becoming a major and at that time it

shall be ensured that CDD documents as per the current CDD standards are available with the REs. Wherever required, REs may carry out fresh KYC of such customers i.e. customers for whom account was opened when they were minor, on their becoming a major.

b) Customers other than individuals:

No change in KYC information: In case of no change in the KYC information of the LE customer, a self-declaration in this regard shall be obtained from the LE customer through its email id registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter from an official authorized by the LE in this regard, board resolution etc. Further, REs shall ensure during this process that Beneficial Ownership (BO) information available with them is accurate and shall update the same, if required, to keep it as up-to-date as possible.

Change in KYC information: In case of change in KYC information, RE shall undertake the KYC process equivalent to that applicable for on-boarding a new LE customer.

c) Additional measures: In addition to the above, REs shall ensure that,

The KYC documents of the customer as per the current CDD standards are available with them. This is applicable even if there is no change in customer information but the documents available with the RE are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the RE has expired at the time of periodic updation of KYC, RE shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.

Customer's PAN details, if available with the RE, is verified from the database of the issuing authority at the time of periodic updation of KYC.

Acknowledgment is provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out periodic updation. Further, it shall be ensured that the information / documents obtained from the customers at the time of periodic updation of KYC are promptly updated in the records / database of the REs and an intimation, mentioning the date of updation of KYC details, is provided to the customer.

In order to ensure customer convenience, REs may consider making available the facility of periodic updation of KYC at any branch, in terms of their internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

REs shall adopt a risk-based approach with respect to periodic updation of KYC. Any additional and exceptional measures, which otherwise are not mandated under the above instructions, adopted by the REs such as requirement of obtaining recent photograph, requirement of physical presence of the customer, requirement of periodic updation of KYC only in the branch of the RE where account is maintained, a more frequent periodicity of KYC updation than the minimum specified periodicity etc., shall be

clearly specified in the internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

REs shall ensure that their internal KYC policy and processes on updation / periodic updation of KYC are transparent and adverse actions against the customers should be avoided, unless warranted by specific regulatory requirements.

9. OTHER MATTERS

- (i) “Designated Director” appointed by the Company pursuant to amendment to Section 13 of the Prevention of Money Laundering (Amendment) Act, 2012 is required to ensure compliance with the obligations under the Prevention of Money Laundering (Amendment) Act, 2012.
- (ii) Permanent account number (PAN) of customers shall be obtained and verified while undertaking transactions as per the provisions of Income Tax Rule 114B applicable to banks, as amended from time to time. Form 60 shall be obtained from persons who do not have PAN.
- (iii) When there are suspicions of money laundering or financing of the activities relating to terrorism or where there are doubts about the adequacy or veracity of previously obtained client identification data, the Company should review the due diligence measures including verifying again the identity of the client and obtaining information on the purpose and intended nature of the business relationship, as the case may be.

xxxx

ANNEXURE 1

Type of Borrower	Documents
INDIVIDUAL BORROWERS	
* Legal name and any other names used	(a) a certified copy of any OVD containing details of his identity and address (b) one recent photograph (c) the Permanent Account Number or Form No. 60 as defined in Income-tax Rules, 1962, and (d) such other documents pertaining to the nature of business or financial status specified by the REs in their KYC policy.
<p>Simplified procedure for opening accounts by Non-Banking Finance Companies (NBFCs): In case a person who desires to open an account is not able to produce documents, as specified in Section 16, NBFCs may at their discretion open accounts subject to the following conditions:</p> <p>(a) The NBFC shall obtain a self-attested photograph from the customer. (b) The designated officer of the NBFC certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence. (c) The account shall remain operational initially for a period of twelve months, within which CDD as per Section 16 shall be carried out. (d) Balances in all their accounts taken together shall not exceed rupees fifty thousand at any point of time. (e) The total credit in all the accounts taken together shall not exceed rupees one lakh in a year. (f) The customer shall be made aware that no further transactions will be permitted until the full KYC procedure is completed in case Directions (d) and (e) above are breached by him. (g) The customer shall be notified when the balance reaches rupees forty thousand or the total credit in a year reaches rupees eighty thousand that appropriate documents for conducting the KYC must be submitted otherwise the operations in the account shall be stopped when the total balance in all the accounts taken together exceeds the limits prescribed in direction (d) and (e) above.</p>	
NON INDIVIDUAL BORROWERS	
Companies	a) Certificate of incorporation; b) Memorandum and Articles of Association; c) Permanent Account Number of the Company d) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf; and e) Documents, as specified in Section 16 of the Master Direction – Know Your Customer (KYC), 2016 in respect of managers, officers or employees holding an attorney to transact on its behalf
* Name of the company	
* Principal place of business	
* Mailing address of the company	
* Telephone / Fax Number	
Partnership firms	a) Registration certificate; b) Partnership deed; c) Permanent Account Number of the Partnership Firm and d) Documents, as specified in Section 16 of the Master Direction – Know Your Customer (KYC), 2016 in respect of the person holding an attorney to transact on its behalf.
* Legal name	
* Address	
* Names of all	

<p>partners and their addresses</p> <p>* Telephone numbers of the firm and partners</p>	
<p>Trusts & foundations</p> <p>* Names of trustees, settlers, beneficiaries and signatories</p> <p>* Names and addresses of the founder, the managers / directors and the beneficiaries</p> <p>* Telephone / fax numbers</p>	<p>a) Registration certificate;</p> <p>b) Trust deed;</p> <p>c) Permanent Account Number or Form No 60 of the trust and</p> <p>d) Documents, as specified in Section 16 of the Master Direction – Know Your Customer (KYC), 2016 in respect of the person holding a power of attorney to transact on its behalf.</p>
<p>Unincorporated association or body of individuals</p> <p>* Names of trustees, settlers, beneficiaries and signatories</p> <p>* Names and addresses of the founder, the managers / directors and the beneficiaries</p> <p>* Telephone / fax numbers</p>	<p>a) Resolution of the managing body of such association or body of individuals;</p> <p>b) Permanent Account Number or Form No 60 of the unincorporated association or a body of individuals</p> <p>c) Power of attorney granted to him to transact on its behalf;</p> <p>d) Documents, as specified in Section 16 of the Master Direction – Know Your Customer (KYC), 2016 in respect of the person holding an attorney to transact on its behalf; and</p> <p>e) Such information as may be required by the bank to collectively establish the legal existence of such an association or body of individuals.</p>
<p>Juridical person</p>	<p>(a) Document showing name of the person authorised to act on behalf of the entity;</p> <p>(b) Documents, as specified in Section 16, of the person holding an attorney to transact on its behalf and</p> <p>(c) Such documents as may be required by the RE to establish the legal existence of such an entity/juridical person.</p>

