Sustainable Agro-commercial Finance Ltd.

Know Your Customer and Anti-Money Laundering Policy (KYC &AML)

Ver. 1.2

Know Your Customer & Anti-Money Laundering Policy

Sign of Sheet		
APPROVED BY	**Board of Directors**	4th December, 2024
REVIEWED & RECOMMENDEDBY	**Prabhakar Bobde** MD & CEO	27th November, 2024
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CHAPTER - I: INTRODUCTION

1. Background:

The Company (i.e. "Sustainable Agro Commercial Finance Ltd"/ "SAFL"/ "RE") has in place Know Your Customer and Anti-Money Laundering Policy (KYC-AML Policy/The Policy) which was approved by the Board of Directors in the meeting dated June 26, 2013.

The Reserve Bank of India has issued comprehensive guidelines on Know Your Customer (KYC) norms and Anti-Money Laundering (AML) standards (Annexure J) and has advised all NBFCs to ensure that a proper policy framework on KYC and AML measures be formulated and put in place with the approval of the Board. The objective of RBI guidelines is to prevent NBFCs being used, intentionally or unintentionally by criminal elements for money laundering activities. The guidelines also mandate making reasonable efforts to determine the identity and beneficial ownership of accounts, source of funds, the nature of customer's business, reasonableness of operations in the account in relation to the customer's business, etc. which in turn helps the Company to manage its risks prudently. Accordingly, the main objective of this policy is to enable the Company to have positive identification of its customers. Accordingly, in compliance with the guidelines issued by RBI from time to time, the following KYC AML policy of the Company is approved by the Board of Directors of the Company.

This policy is applicable to all categories of products and services offered by the Company.

2. Objective of the Policy:

The KYC policy shall include the following four elements:

1. Customer Acceptance Policy;
2. Risk Management;
3. Customer Identification Procedures (CIP); and
4. Monitoring of Transactions.

The key objective of the Policy is to ensure that the Company's money is not used intentionally or unintentionally, directly or indirectly, for any unlawful and prohibited activities or purpose particularly those which are covered by Prevention of Money Laundering Act, 2002 (PMLA).At the same time the Policy will also enable the Company to have more transparent and specific information about their customers and their financial dealings which will enable the Company to effectively determine risk level involved in different Loan transactions and will help the Company to undertake effective risk management.

SAFL's KYC Policy is applicable to all types of customers including individuals, partnership firms,employees, corporate entities, associations, trusts, societies and juridical persons. This policy also covers the Natural and Juridical persons who are the ultimate beneficiaries of the credit facilities extended by the Company and the natural persons who represent such persons or entities. The policyis also applicable to the persons authorized by SAFL including brokers/ agents etc.

3. Definitions:

In this policy, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them under the Prevention of Money Laundering Act and Prevention of Money Laundering (Maintenance of Records) Rules, any statutory modification or re-enactment thereto or as used in commercial parlance, asthe case may be.

Sr. No.	Term	Definitions
1	**Aadhaar Number**	Identification Number as defined under sub-section (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, henceforth the' Aadhaar Act'.
2	**Act and Rules**	The Prevention of Money-Laundering Act, 2002 ("Act") and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005,("Rules") and amendments thereto.
3	**Authentication**	Authentication", in the context of Aadhaar authentication, means theprocess as defined under sub-section (c) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.
4	**Beneficial Owner (BO)**	**(i)** 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 exercisecontrol through other means. **Explanation** - For the purpose of this sub-clause: - **a)** Controlling ownership interest means ownership of/entitlement to more than **10%** of the shares or capital or profits of the company. **b)** Control shall include the right or the ability 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. **(ii)** 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 morethan **10%** of capital or profits of the partnership or who exercises controlthrough other means. Explanation - For the purpose of this clause, "Control" shall include the right to control the management or policy decisions. **(iii)** 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%** 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 (i), (ii) or (iii) above, the Beneficial Owner is the relevant natural person who holds the position of **Senior Managing Official**.

		(iv) Where the customer is a **Trust**, the identification of BeneficialOwner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with **10%** or more interest in the trust and other natural person exercising ultimate effective control over trust through a chain of control or ownership.
5	**Certified Copy**	Obtaining a certified copy by the RE shall mean comparing the copy of the proof of possession of Aadhaar number where offline verification cannot be carried out or officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of the RE as per the provisions contained in the Act and the rules thereunder. Provided that in case of Non-Resident Indians (NRIs) and Persons of IndianOrigin (PIOs), as defined in Foreign Exchange Management (Deposit) Regulations, 2016 {FEMA 5(R)}, alternatively, the original certified copy,certified by any one of the following, may be obtained: • Authorised officials of overseas branches of Scheduled CommercialBanks registered in India, • Branches of overseas banks with whom Indian banks haverelationships, • Notary Public abroad, • Court Magistrate, • Judge, • Indian Embassy/Consulate General in the country where the non-resident customer resides.
6	**Cash Transactions**	As defined under rule 3 of the Rules of Prevention of Money-Laundering(Maintenance of Records) Rules, 2005.
7	**Central KYC Records Registry (CKYCR)**	An entity defined under Rule 2(1) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer. CKYCR is a reporting entity, substantially owned and controlled by the Central Government, and authorised by that Government through a notification in the Official Gazette to receive, store, safeguard and retrievethe KYC records in digital form of a client as referred to in clause (ha) in such manner and to perform such other functions as may be required underthese rules.
8	**Common Reporting Standards (CRS)**	Common Reporting Standards (CRS) means reporting standards set for implementation of multilateral agreement signed to automatically exchange information based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters.
9	**Customer**	A Customer is a person, as defined below, who is engaged in a financial transaction or activity with a Housing Finance Company (HFC) and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting. (Person is defined below in point no. 26)

10	**Customer Due Diligence (CDD)**	Customer Due Diligence (CDD) means identifying and verifying the customer and the beneficial owner using reliable and independent sourcesof identification. Explanation – The CDD, at the time of commencement of an account- based relationship or while carrying out occasional transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted asa single transaction or several transactions that appear to be connected, orany international money transfer operations, shall include: (a) Identification of the customer, verification of their identity using reliable and independent sources of identification, obtaining information on the purpose and intended nature of the business relationship, where applicable; (b) Taking reasonable steps to understand the nature of the customer's business, and its ownership and control; (c) Determining whether a customer is acting on behalf of a beneficial owner and identifying the beneficial owner and taking all steps to verify the identity of the beneficial owner, using reliable and independent sources of identification.
11	**Customer Identification**	Customer Identification means undertaking the process of CDD.
12	**Designated Director**	A person designated by the Company to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and shall include the Managing Director or a Whole-Time Director, duly authorized by the Board of Directors. 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.
13	**Digital KYC**	Digital KYC means the capturing live photo of the customer and officiallyvalid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude ofthe location where such live photo is being taken by an authorised officer of the RE as per the provisions contained in the Act and in accordance with the rules and regulations specified in this behalf.
14	**Digital Signature**	Digital Signature shall have the same meaning as assigned to it in clause (p) of subsection (1) of section (2) of the Information Technology Act,2000 (21 of 2000).
15	**Domestic and cross-border wire transfer**	When the originator bank and the beneficiary bank is the same person or different person located in the same country, such a transaction is a domestic wire transfer, and if the 'originator bank' or 'beneficiary bank' is located in different countries such a transaction is cross-border wire transfer.
16	**Equivalent e-document**	An electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issuedto the digital locker account of the customer as per rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.
17	**FATCA**	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.

18	**Inter-Governmental Agreement (IGA)**	"IGA" means Inter Governmental Agreement between the Governments of India and the USA to improve international tax compliance and toimplement FATCA of the USA.
19	**Know Your Client (KYC) Identifier**	The unique number or code assigned to a customer by the Central KYC Records Registry. (also called as KYC Identifier Number (KIN) orCKYCR No).
20	**KYC Templates**	KYC Templates means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for Individuals and Legal Entities.
21	**Non-face-to-face Customers**	Customers who open accounts without visiting the branch/ offices of theRE or meeting the officials of RE.
22	**Non-Profit Organizations (NPO)**	NPO means any entity or organization, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income- tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 or any similar State legislation or a company registered under Section 8 of the Companies Act, 2013.
23	**Officially Valid Document (OVD)**	Officially Valid Document (OVD) means: a) Passport, b) Driving License, c) Voter's Identity Card issued by Election Commission of India, d) Proof of possession of Aadhaar Number*, i.e. Aadhaar letter, Aadhaar Letter downloaded from UIDAI website (e-Aadhaar), Aadhaar Card,Aadhaar Secure QR Code, Aadhaar Paperless Offline e-KYC (an XML document generated by the UIDAI), (*Ensure to redact/ blacken only the first eight digits of Aadhaar No.(on copy of Aadhaar Letter/ Aadhaar Card obtained) e) Job Card issued by NREGA duly signed by an officer of the StateGovernment, f) Letter issued by the National Population Register containing detailsof Name, Address of the customer with photograph of the card holder. **Provided that,** **a)** where the customer submits his proof of possession of Aadhaar numberas 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 or the equivalent e-documents thereof 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

		officialaccommodation; **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 deemedto 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.
24	**Ongoing Due Diligence**	Regular monitoring of transactions in accounts to ensure that those are consistent with the Company's knowledge about the customers,customers' business & risk profile, the source of funds / wealth.
25	**Offline verification**	Offline verification shall have the same meaning as assigned to it in clause(pa) of section 2 of the Aadhaar (Targeted Delivery of Financial and OtherSubsidies, Benefits and Services) Act, 2016 (18 of 2016).
26	**Person**	Person has the same meaning assigned in the Act and 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, whetherincorporated or not, f) every artificial juridical person, not falling within any one of the abovepersons (a to e), and g. any Agency, Office or Branch owned or Controlled by any of the abovepersons (a to f).
27	**Periodic Updation**	Periodic Updating 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.
28	**Politically Exposed Persons (PEPs)**	Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions by a foreign country, includingthe Heads of States/ Governments, senior politicians, senior government/ judicial/ military officers, senior executives of state-owned corporations, important political party officials, etc.
29	**Principal Officer**	Principal Officer means an officer designated by the Company, responsible for furnishing information as per Rule 8 of the Rules.

30	**Regulated Entities (REs)**	Regulated Entities means a) All Scheduled Commercial Banks (SCBs)/ Regional Rural Banks (RRBs)/ Local Area Banks (LABs)/ All Primary (Urban) Co-operativeBanks (UCBs) /State and Central Co-operative Banks (StCBs / CCBs)and any other entity which has been licenced under Section 22 of Banking Regulation Act, 1949, which as a group shall be referred as 'banks' b) All India Financial Institutions (AIFIs) c) All Non-Banking Finance Companies (NBFCs), Miscellaneous Non- Banking Companies (MNBCs) and Residuary Non-Banking Companies (RNBCs). d) All Payment System Providers (PSPs)/ System Participants (SPs) and Prepaid Payment Instrument Issuers (PPI Issuers) e) All authorised persons (APs) including those who are agents of Money Transfer Service Scheme (MTSS), regulated by the Regulator.
31	**Shell Bank**	Shell bank means a bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial group that is subject to effective consolidated supervision. Physical presence means meaningful mind and managementlocated within a country. The existence simply of a local agent or low-level staff does not constitute physical presence.
32	**Suspicious Transaction**	"Suspicious transaction" means a "transaction" as defined below, including an attempted transactions, whether or not made in cash which, to a person acting in good faith- **(i)** gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved, or **(ii)** appears to be made in circumstances of unusual or unjustified complexity, or **(iii)** appears to have no economic rationale or bonafide purpose, or **(iv)** gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism. **Explanation**: Transaction involving financing of the activities relating to terrorism includes transaction 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.
33	**Transaction**	Transaction" means a purchase, sale, loan, pledge, gift, transfer, deliveryor the arrangement thereof and includes — **(i)** opening of an account, **(ii)** deposits, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means, **(iii)** the use of a safety deposit box or any other form of safe deposit, **(iv)** entering into any fiduciary relationship, **(v)** payment made or received in whole or in part of any contractual or other legal obligation, **(vi)** establishing or creating a legal person or legal arrangement.

34	**Video based Customer Identification Process (V-CIP)**	An alternate method of customer identification with facial recognition andCDD by an official of the RE by undertaking seamless, secure, live real- time, informed- consent based audio-visual interaction with the customer to obtain identification information including the documents required for CDD purpose, and to ascertain the veracity of the information furnished by the customer through independent verification and maintaining audit trail of the process. Such processes complying with prescribed standards and procedures shall be treated as on par with face-to-face CIP for the purpose of this Policy.
35	**Walk-in Customer**	Walk-in Customer means a person who does not have an account-basedrelationship with the RE, but undertakes transactions with the RE.
36	**Wire Transfer**	Wire transfer means a transaction carried out, directly or through a chainof transfers, on behalf of an originator person (both natural and legal) through a bank by electronic means with a view to making an amount of money available to a beneficiary person at a bank.
37	**Group**	The term "group" shall have the same meaning assigned to it in clause (e) of sub-section (9) of section 286 of the Income-tax Act,1961.

CHAPTER – II: GENERAL

4. In terms of PML Rules, Company as a part of a group, shall implement group-wide policies for the purpose of discharging obligations under the provisions of Chapter IV of the PML Act, 2002. (15 of 2003). This shall include group wide programs against money laundering and terror financing, including group-wide policies for sharing information required for the purposes of client due diligence and money laundering and terror finance risk management and such programmes shall include adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.

5. Key Elements of the KYC Policy:

The policy shall include the following four key elements:

(i) Customer Acceptance Policy;
(ii) Risk Management;
(iii) Customer Identification Procedures (CIP); and
(iv) Monitoring of Transactions

5.1 Money Laundering and Terrorist Financing Risk Assessment:

a) The company shall carry out the 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess, and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc.

The assessment process shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, the Company shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with the Company from time to time.

b) The risk assessment will be properly documented and will be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the Company. Further, the periodicity of risk assessment exercise shall be determined by the Board or any committee of the Board to which power in this regard has been delegated, in alignment with theoutcome of the risk assessment exercise. However, it should be reviewed at least annually.

c) The outcome of the exercise will be put up to the Board or any committee of the Board to which power in this regard has been delegated and will be available to competent authorities and self-regulating bodies.

5.2 The Company shall apply a Risk-Based Approach (RBA) for mitigation and management of the identified risk (identified by the Company or through national risk assessment), and should have Boardapproved policies controls and procedures in this regard. The company shall implement a CDD programme,having regard to the ML/TF risks identified and the size of the business. Further, the Company shall monitor the implementation of the controls and enhance them if necessary.

6. Designated Director:

(i) Designated Director means the Managing Director or a Whole-Time Director duly authorized by the Board of Directors, to ensure overall compliance with the obligations imposed under Chapter IV of the PML Act and the Rules. The Designated Director shall be nominated by the Board of the Company.

(ii) The name, designation and address of the Designated Director, including changes from time totime, shall be communicated to the Director, FIU-IND, National Housing Bank and RBI.

(iii) In no case, the Principal Officer shall be nominated as the Designated Director.

7. Principal Officer:

(i) The Principal Officer shall be a Senior Officer of the Company at the management level and shall be responsible for ensuring compliance, monitoring transactions, and sharing reporting information as required under the law/regulations.

(ii) The name of the Principal Officer so designated, his designation and address including changes from time to time, shall be communicated to the Director, FIU-IND, National Housing Bank and RBI.

8. Compliance with KYC Policy:

The Company shall ensure compliance with the KYC Policy through:

(i) The below mentioned officials shall constitute as Senior Management and will be responsible foreffective implementation of KYC policies and procedures:

- Chief Risk Officer
- Chief Credit & Operations
- Business Heads (for their respective business)
- Chief Compliance Officer

(ii) Independent evaluation of the compliance functions of SAFL policies and procedures,

includinglegal and regulatory requirements will be carried out.

(iii) Concurrent/Internal Audit system to verify the compliance with KYC/AML policies and procedures.

(iv) Submission of quarterly audit notes and compliance to the Audit Committee.

The Company shall not outsource the decision-making functions for determining compliance withKYC norms.

CHAPTER – III: CUSTOMER ACCEPTANCE POLICY

9. Customer Acceptance Policy:

The following norms and procedures will be followed by the Company in relation to its customers who approach the Company for availing Loan facilities. The guidelines in respect of Customer Acceptance in the Company will broadly include the following:

(i) No account will be opened in anonymous or fictitious/ benami name. Company shall insist forsufficient proof about the identity of the customer to ensure his physical and legal existence atthe time of accepting the application form from any customer.

(ii) No account will be opened where the Company is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/informationfurnished by the customer. The Company shall consider filing an STR, if necessary, when it isunable to comply with the relevant CDD measures in relation to the customer.

(iii) No transaction or account-based relationship will be undertaken without following the CDD procedure.

(iv) The mandatory information will be sought for KYC purpose while opening an account and during the periodic updation, as specified.

(v) Optional/ additional information, where such information requirement has not been specified in this KYC Policy, will be obtained with the explicit consent of the customer.

(vi) CDD Procedure will be followed for all the joint account holders, while opening a joint account.

(vii) SAFL shall apply the CDD procedure at the UCIC level. If an existing KYC compliant customer desires to open another account with the Company, there shall be no need for a freshCDD exercise.

(viii) Circumstances in which, a customer is permitted to act on behalf of another person/ entity, willbe clearly spelt out.

(ix) Suitable system will be put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists indicated in chapter IX ofthe RBI master directions (Requirements/obligations under International Agreements - Communications from International Agencies).

(x) Where a Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.

(xi) Where an equivalent e-document is obtained from the customer, SAFL shall verify the digitalsignature as per the provisions of the Information Technology Act, 2000 (21 of 2000)

(xii) Where Goods and Services Tax (GST) details are available, the GST number must be verifiedfrom the search/verification facility of the issuing authority.

(xiii) SAFL will also use RBI/ NHB caution advice in determining the customer acceptance framework.

(xiv) In the event the customer is permitted to act on behalf of another person/entity, SAFL shall verify that the customer has the necessary authority to do so by scrutinizing the authorizing document/s;

The Company shall ensure that the adoption of Customer Acceptance Policy and its implementation shallnot result in the denial of services to the general public, especially to those, who are financially or sociallydisadvantaged.

Where the company forms a suspicion of money laundering or terrorist financing, and it reasonably believes that performing the CDD process will tip off the customer, it shall not pursue the CDD process, and instead file an STR with FIU-IND.

CHAPTER – IV: RISK MANAGEMENT

10. Risk Management:

(i) For effective implementation of KYC policy, the Company will ensure proper coordination,communication and understanding among all its departments.

The Board of Directors of the Company shall ensure that an effective KYC programme is put in place by establishing policies and procedures and ensuring their effective implementation. The Company in consultation with the Board will devise procedures for creating Risk Profiles of the existing and new customers and apply AML measures keeping in view the risk involved in a transaction, account or business relationship.

For Risk Management, the Company will have a risk-based approach and shall categorize the customers as **Low, Medium** and **High-Risk** categories **(Annexure I)** based on the assessment and risk perceptionof the Company.

(ii) Risk Categorization will be undertaken based on parameters such as:

a) Customer's Identity (the ability to confirm identity documents through online or otherservices offered by issuing authorities may also be factored in);
b) Social/ Financial Status;
c) Nature and volume of business of the customer;
d) Work place of customer and of his clients;
e) Quantum and tenure of Loan facility applied for and proposed schedule for repayment ofLoan.
f) Nature of employment;
g) Business activity of the customer;
h) Location of customer and his/ its clients;
i) Mode of Payments - cash, cheque / monetary instruments, wire transfers, forex transactions,etc
j) Credit History;
k) Geographical risk covering customers as well as transactions;
l) Delivery channel used for delivery of products/services; and
m) Type of products/services offered.

(iii) The risk categorization of a customer and the specific reasons for such categorization shall bekept confidential and shall not be revealed to the customer to avoid tipping off the customer.

SAFL may at its discretion identify additional factors that it may wish to utilize for customer acceptance based on risk profile determined by SAFL. Provided further that various other information collected from different categories of customers relating to the perceived risk, is non-intrusive.

(iv) The Company has in place document viz. 'KYC- Risk Categorization of Customer' and RiskCategorization of customers will be carried out as per the said document.

11. Customer Identification Procedure (CIP):

(i) The Company shall undertake Identification of customers in the following cases:

a) Commencement of an account-based relationship with the customer: At the time of commencement of an account-based relationship, identify its clients, verify their identity andobtain information on the purpose and intended nature of the business relationship.
b) When there is doubt about the authenticity or adequacy of the customer identification data obtained.
c) For customers that are natural persons, sufficient identification data to verify the identity of the customer, his address/location and also his recent photograph.
d) For customers which are legal persons or entities, the legal status of the legal person/entity shall be verified through proper and relevant documents. For any person purporting to act onbehalf of the legal person/entity, it has to be verified whether he is so authorized and his identification has to be verified. Also, the ownership and control structure of the customer shall be understood so as to determine the natural person(s) who ultimately controls the legalperson.
e) Selling third party products as agents, selling their own products and any other product for more than Rupees fifty thousand.
f) Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected.
g) When the Company has reason to believe that a customer (account- based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.
h) Introduction shall not to be sought while opening accounts.

(ii) For verifying the identity of the customers at the time of commencement of an account-based relationship, **CDD done by a third party** will be relied on, subject to the following conditions:

a) Records or the information of the **customer due diligence** carried out by the third party is **obtained immediately from the third party** or from the Central KYC Records Registry.
b) Adequate steps will be taken to satisfy themselves that copies of identification data and otherrelevant 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 PMLA.
d) The third party is not based in a country or jurisdiction assessed as high risk.
e) The **ultimate responsibility for CDD**, including done by a third party and undertaking enhanced due diligence measures, as applicable, shall **rest with the Company**.

CHAPTER -VI: CUSTOMER DUE DILIGENCE (CDD) PROCEDURE:

12. <u>Customer Due Diligence (CDD) Procedure in case of Individuals</u>:

(i) While undertaking CDD, following information will be obtained from an individual while establishing an account-based relationship with an 'Individual' or dealing with the individual whois a Beneficial Owner, Authorised Signatory or the Power of Attorney Holder related to any legalentity:

a) The Aadhaar Number where,
(i) he is desirous of receiving any benefit or subsidy under any scheme notified under Section7 of the Aadhaar Act 2016 (18 of 2016): or
(ii) The customer decides to submit his Aadhaar number voluntarily to a bank or any REnotified under first proviso to sub-section (1) of section 11A of the PML Act; or

(aa) the proof of possession of Aadhaar number where offline verification can be carried out; or

(ab) the proof of possession of Aadhaar number where offline verification cannot be carried outor any OVD or the equivalent e-document thereof containing the details of his identity and address; or
(ac) the KYC Identifier with an explicit consent to download records from CKYCR; and

(ii) PAN or equivalent e-document thereof or Form No. 60 as defined in Income-Tax Rules, 1962, and

(iii) Such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by the Company:

(iv) Provided that here the customer has submitted:

- Aadhaar number under clause (a), notified under first proviso to sub-section (1) of section 11Aof the PML Act, SAFL shall carry out authentication of the customer's Aadhaar number usinge-KYC authentication facility provided by the Unique Identification Authority of India.Further, in such a case, if customer wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, self-declaration to that effect must be obtained from the customer.
- The proof of possession of Aadhaar number under clause (aa) above where offline verificationcan be carried out, the Company shall carry out offline verification.
- An equivalent e-document of any OVD, the Company shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issues thereunder and take a live photo as specified under Digital KYC Process rules and regulations(**Annexure F).**
- any OVD or proof of possession of Aadhaar number under clause (ab) above where offline verification cannot be carried out, the Company shall carry out verification through Digital KYC as specified by the rules and regulations reproduced under **Annexure F.**
- KYC Identifier under clause (ac) above, the Company shall retrieve the KYC records online from the CKYCR in accordance with Section 23.

  Provided that for a period not beyond such date as may be notified by the Government for a class of REs, instead of carrying out digital KYC, the Company may obtain a certified copy ofthe proof of possession of Aadhaar number or the OVD and a recent photograph where an equivalent e-document is not submitted.

Explanation 1: The Company shall, where its customer submits a proof of possession of Aadhaar Number containing Aadhaar Number, ensure that such **customer redacts or blacks out only the first eight digit of** Aadhaar Number (on copy of Aadhaar Letter/ Aadhaar Card obtained) through appropriate means where the authentication of Aadhaar number is not required as per proviso (i) above.

Explanation 2: The use of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act, 2016 and the regulations made thereunder

(v) List **of Officially Valid Documents:**

a) Passport,
b) Driving License,
c) Voter's Identity Card issued by Election Commission of India,
d) Proof of possession of Aadhaar Number*, i.e. Aadhaar letter, Aadhaar Letter downloaded from UIDAI website (e-Aadhaar), Aadhaar Card, Aadhaar Secure QR Code, Aadhaar Paperless Offline e-KYC (an XML document generated by the UIDAI), *(Ensure to redact/ blacken only the First Eight Digits of Aadhaar No. (on copy of AadhaarLetter/ Aadhaar Card obtained)
e) Job Card issued by NREGA duly signed by an officer of the State Government,
f) Letter issued by the National Population Register containing details of Name, Address of the customer having photograph of the card holder.

(vi) In case the OVD furnished by the customer does not contain updated address, the following documents or the equivalent e-documents thereof shall be Deemed to be OVDs (DOVD) for the limited purpose of Proof of Address: -

a) Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill),
b) Property or Municipal tax receipt,
c) Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public-Sector Undertakings, if they contain the address,
d) Letter 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 license agreements with such employers allotting official accommodation.

Provided that in case the OVD submitted 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 letterissued by the Foreign Embassy or Mission in India shall be accepted as proof of address.

Provided further that the **customer shall submit updated OVD with current address within** a period of **three months** of submitting the above documents.

Explanation: For the purpose of this clause, a document shall be deemed to be an OVD even if thereis 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.

(vii) A customer already having an account-based relationship with the Company, shall submit his Permanent Account Number or Form No.60, on such date as may be notified by the Central Government, failing which the account shall temporarily ceased to be operational till the time thePermanent Account Number or Form No. 60 is submitted by the customer.

Provided that before temporarily ceasing operations for an account, Company shall give thecustomer an accessible notice and a reasonable opportunity to be heard.

Explanation: - For the purpose of this clause, "temporary ceasing of operations" in relation anaccount means the temporary suspension of all transactions or activities in relation to that account by the Company till such time the customer complies with the provisions of this clause;

In case of asset accounts, such as **loan accounts**, for the purpose of ceasing the operation in the account, only **credits shall be allowed**.

(viii) If a customer having an existing account-based relationship with the Company gives in writingto the company that he/ she does not want to submit his/her PAN or Form No. 60, as the case may be, the customer's account with the company shall be closed and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer. The Company shall duly inform the customer about this provision while opening theaccount.

(ix) List of the nature and type of documents/ information that may be relied upon for customer identification pertaining to Individuals, Sole Proprietary Firms, Legal Entities-Company, Partnership Firm, Trust, Unincorporated Association/Body of Individuals, Juridical Persons, BO is given in the **Annexure A.**

(x) Video Customer Identification Process (V-CIP)
The Company 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. The guidelines for carrying our V-CIP is given at **Annexure E**.

(xi) Accounts Opened using OTP based e-KYC, in non-face-to-face mode: The Company shallnot open accounts based on the KYC documents downloaded from CKYCR where the other Regulated entity has opened account through OTP based e-KYC procedure in non-face-to-facemode. All the required KYC documents will be obtained from the customer in case any accountis to be opened based on documents downloaded from CKYCR.

13. CDD Measures for Identification of Beneficial Owner (BO):

For opening an account of a Legal Person who is not a natural person, the Beneficial Owner(s) shallbe identified and all reasonable steps in terms of Rule 9(3) of the PMLA Rules to verify his/her identity shall be undertaken keeping in view the following:

(i) Where the customer or the owner of the controlling interest is (i) an entity listed on a stock exchange in India, or (ii) it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions, or (iii) is a subsidiary of suchlisted entities , it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.

(ii) In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall beobtained.

Beneficial Owner Declaration format is given at **Annexure G**.

CHAPTER – VII: ONGOING DUE DILIGENCE

14. Ongoing Due Diligence:

Ongoing monitoring is an essential element of effective KYC procedures and is equally essential forthe Company to have a clear knowledge and understanding about the normal working pattern and activity of the customer so that the Company can identify all such unusual transactions which wouldfall outside the normal transactions of the customer. To achieve this

purpose, ongoing monitoring isnecessary. The extent of such monitoring will depend upon the level of risk involved in case. Any transaction or activity of the customer which gives rise to suspicion will be given special attention.Such monitoring is important to keep a check on any act or omission of the customer which may amount to money laundering or support any act relating to user of finance for criminal activities.

(i) The Company will keep a continuous vigil if any of the following acts or events are noticed inrelation to the customer's approach or behavior while dealing with the Company:

a) Reluctance of the customer to provide confirmation regarding his identity.
b) Loan money is used for the purpose other than the one mentioned in the Loan applicationform and the real purpose is not disclosed to the Company.
c) Customer forecloses the Loan within 180 days of availing the Loan facility wherein theLoan tenure is more than 12 months.
d) Customer suddenly pays a substantial amount towards partial repayment of the Loan afterpaying few EMIs.
e) Customer deposits with Company substantial cash amount after his EMI cheques havebounced and/or insists for cash payment in future to repay the remaining Loan amount.

(ii) Company shall pay special attention to all complex, unusually large transactions and all unusualpatterns which have no apparent economic or visible lawful purpose.

The extent of monitoring shall be aligned with the risk category of the customer. A system of periodic review of risk categorization 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.

(iii) For the purpose of risk categorization, individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, may be categorized as low risk. Illustrativeexamples of low risk customers could be salaried employees whose salary structures are well defined, people belonging to lower economic strata of the society whose accounts show small balances and low turnover, Government Departments & Government owned companies,regulators and statutory bodies, etc. In such cases, the policy may require that only the basic requirements of verifying the identity and location of the customer are to be met.

(iv) Customers that are likely to pose a higher than average risk to the SAFL may be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile, etc. SAFL may apply enhanced duediligence measures based on the risk assessment, thereby requiring intensive 'due diligence' forhigher risk customers, especially those for whom the sources of funds which are used for business operations or sources to repay the Loan to the Company are not clearly disclosed or cannot be ascertained from the financial statements submitted by the customer to the Company.

Examples of customers requiring higher due diligence may include:

- Non-resident customers,
- High net worth individuals,
- Trusts, charities, NGOs and organizations receiving donations,
- Companies having close family shareholding or beneficial ownership,
- Firms with 'sleeping partners',
- Politically exposed persons (PEPs),
- Non-face to face customers, and
- Persons with dubious reputation as per the public information available.

15. <u>Periodic Updation</u>:

A. Periodic KYC updation shall be carried out **at least Once** in:

- Every **two years** for **High Risk** customers,
- Every **eight years** for **Medium Risk** customers and
- Every **ten years** for **Low Risk** customers.

The time limits prescribed above would apply from the date of opening of the account / last verification of KYC.

Policy in this regard shall be documented as part of Company's KYC policy duly approved bythe Board of Directors or any committee of the Board to which power has been delegated, as below:

a) Periodic Updation of Individual Customers:

i. 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 SAFL, customer's mobile number registered with the Company, digital channels (such as online banking/ internet banking, mobile application of SAFL), letter, etc.

ii. 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 SAFL, customer's mobile number registered with the SAFL, digital channels (such as online banking/ internet banking, mobile application of SAFL), 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, the Company at its option, may obtain a copy of OVD or deemed OVD or the equivalent e-documents thereof, for the purpose of proof of address, declared by the customer at the time of periodic updation.

iii. 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 Company. Wherever required, Company 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.

iv. Aadhaar OTP based e-KYC in non-face to face mode may be used for periodic updation.To clarify, conditions stipulated in Section 15 are not applicable in case of updation / periodic updation of KYC through Aadhaar OTP based e-KYC in non-face to face mode.Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. Company shall ensure that the mobile number for Aadhaar authentication is same as the one available with them in the customer's profile, in order to prevent any fraud.

b) Customers other than Individuals:

i. No change in KYC information:
In case of no change in the KYC information of the Legal Entities (LE) customer, a self-declaration in this regard shall be obtained from the LE customer through its email id registered with the Company, digital channels (such as online banking/ internet banking,mobile application of SAFL), letter from an official authorized by the LE in this regard, board resolution etc. Further, SAFL 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.

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

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

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

ii. Customer's PAN details, if available with the Company shall be verified from the database of the issuing authority at the time of periodic updation of KYC.

iii. 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 therecords/ database of the Company and an intimation, mentioning the date of updation of KYC details, is provided to the customer.

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

v. Company shall adopt a risk-based approach with respect to periodic updation of KYC ensuring that the information or data collected under CDD is kept up-to-date and relevant, particularly where there is high risk. Any additional and exceptional measures,which otherwise are not mandated under the above instructions, adopted by the Companysuch 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 Company where account is maintained, a more frequent periodicity of KYC updation than the minimum specified periodicity etc., shall be clearly specified in the KYC policyduly approved by the Board of Directors of SAFLs or any committee of the Board to which power has been delegated.

vi. Company shall advise the customers that in order to comply with the PML Rules, in case of any update in the documents submitted by the customer at the time of establishment ofbusiness relationship / account-based relationship and thereafter, as necessary; customersshall submit to the company the update of such documents. This shall be done within 30 days of the update to the documents for the purpose of updating the records at company'send.

B. In case of existing customers, SAFL shall obtain the Permanent Account Number or equivalent e- document thereof or Form No. 60, by such date as may be notified by the Central Government, failing which SAFL shall temporarily cease operations in the account till the time the Permanent Account Number or equivalent e-documents thereof or Form No. 60 is submitted by the customer.

Provided that before temporarily ceasing operations for an account, SAFL shall give the customer an accessible notice and a reasonable opportunity to be heard.

Further, SAFL shall include, in its policy, appropriate relaxation(s) for continued operation of accounts for customers who are unable to provide Permanent Account Number or equivalent e- document thereof or Form No. 60 owing to injury, illness or infirmity on account of old age or otherwise, and such like causes. Such accounts shall, however, be subject to enhanced monitoring.
Provided further that if a customer having an existing account-based relationship with SAFL gives in writing to that he does not want to submit his Permanent Account Number or equivalent e-document thereof or Form No.60, SAFL shall close the account and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer by obtaining the identification documents as applicable to the customer.

Explanation – For the purpose of this Section, "temporary ceasing of operations" in relation anaccount shall mean the temporary suspension of all transactions or activities in relation to that account by SAFL till such time the customer complies with the provisions of this Section. In case of asset accounts such as loan accounts, for the purpose of ceasing the operation in the account, only credits shall be allowed.

16. <u>Enhanced Due Diligence Measures</u>:

(i) Accounts of Non-face-to-face customers: Non-face-to-face onboarding facilitates the company to establish relationship with the customer without meeting the customer physically or through V-CIP. Such non-face-to-face modes for the purpose of this Section includes use of digital channels such as CKYCR, DigiLocker, equivalent e-document, etc., and non-digital modes such as obtaining copy of OVD certified by additional certifying authorities as allowed for NRIs and PIOs. Following EDD measures shall be undertaken by company for non- face-to-face customer onboarding..

a) In case company has introduced the process of V-CIP, the same shall be provided as the first option to the customer for remote onboarding. It is reiterated that processes complying with prescribed standards and procedures for V-CIP shall be treated on par with face-to-face CIP for the purpose of this Master Direction.
b) In order to prevent frauds, alternate mobile numbers shall not be linked post CDD with such accounts for transaction OTP, transaction updates, etc. Transactions shall be permitted only from the mobile number used for account opening. RE shall have a Board approved policy delineating a robust process of due diligence for dealing with requests for change of registered mobile number.
c) Apart from obtaining the current address proof, company shall verify the currentaddress through positive confirmation before allowing operations in the account. Positive confirmation may be carried out by means such as address verification letter, contact point verification, deliverables, etc.
d) Company shall obtain PAN from the customer and the PAN shall be verified fromthe verification facility of the issuing authority.
e) First transaction in such accounts shall be a credit from existing KYC-compliedbank account of the customer.

f) Such customers shall be categorized as high-risk customers and accounts openedin non-face to face mode shall be subjected to enhanced monitoring until the identity of the customer is verified in face-to-face manner or through V-CIP.

The guidelines for carrying our V-CIP is given at **Annexure E**.

(ii) **Accounts of Politically Exposed Persons (PEPs):** The Company shall have the option of **establishing** a relationship with PEPs (whether as customer or beneficial owner) provided that, apart from performing normal customer due diligence:

a) Company shall have in place appropriate risk management systems to determine whether the customer or the beneficial owner is a PEP
b) Reasonable measures are taken to obtain sufficient information including information aboutthe sources of funds / wealth accounts of family members and close relatives is gathered onthe PEP,
c) the decision to open an account for a PEP is taken at a Senior management level in accordance with the Company's Customer Acceptance Policy,
d) all such accounts are subjected to enhanced monitoring on an on-going basis,
e) in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, Senior Management's approval is obtained to continue the business relationship,

These instructions shall also be applicable to family members or close associates of PEPs

The above instructions will also be applicable to accounts where a PEP is the Beneficial Owner.

(iii) Customer's Accounts Opened by Professional Intermediaries:

Owing to the fact that accounts may be (i) opened by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds or (ii) managed by lawyers/chartered accountants or stockbrokers for funds held 'on deposit' or 'in escrow' for a range of clients, SAFL shall ensure identification of all beneficial owners in respect of such accounts. Further SAFL shall also ensure that the CDD conducted by the intermediaries is in line with KYC requirements mandated by RBI.

SAFL shall ensure that no professional intermediary who cannot reveal the identity of acustomer should be allowed to open such an account with it.

The Company shall ensure that while opening customer's accounts through Professional Intermediaries:

a) Client shall be identified when client account is opened by a professional intermediary on behalf of a single client.
b) Company will have option to hold 'pooled' accounts managed by professional intermediarieson behalf of entities like mutual funds, pension funds or other types of funds.
c) SAFL shall not open accounts of such professional intermediaries who are bound by any client confidentiality that prohibits disclosure of the client details to the SAFL.
d) All the beneficial owners shall be identified where funds held by the intermediaries are notco-mingled at the level of SAFL, and there are 'sub-accounts', each of them attributable to a beneficial owner, or where such funds are co-mingled at the level of SAFL, the SAFL shall look for the beneficial owners.
e) The Company shall, at its discretion, rely on the CDD done by an intermediary, provided that the intermediary is a regulated and supervised entity and has adequate systems in placeto comply with the KYC requirements of the customers.
f) The ultimate responsibility for knowing the customer lies with the Company.

17. Maintenance of Records of Transactions (nature and value):

(i) Company shall maintain proper record of the transactions (nature and value), in such form andfor such period as specified under the Rule 3 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. The Company shall maintain record of all transactionsincluding the record of:

a) All cash transactions of the value of more than Rupees Ten lakh or its equivalent in foreigncurrency.
b) All series of cash transactions integrally connected to each other which have been individually valued below Rupees Ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate value of such transactions exceeds Rupees Ten lakh.
c) All transactions involving receipts by Non-Profit Organizations of value more than ₹ 10 lakhs, or its equivalent in foreign currency.
d) All cash transactions where forged or counterfeit currency notes or bank notes have beenused as genuine or where any forgery of a valuable security or a document has taken place.
e) All suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

(ii) The Company will maintain and preserve all necessary information in respect of transactions as prescribed above under Rule 3 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, so as to permit reconstruction of individual transaction which shall alsoinclude the following:

a) The nature of the transactions.
b) The amount of the transaction and the currency in which it was denominated.
c) The date on which the transaction was conducted and
d) The parties to the transaction.

(iii) The Company will take appropriate steps to evolve a system for proper maintenance and preservation of information in a manner (in hard and soft copies) that allows information to beretrieved easily and quickly whenever required or requested by the competent authorities.

(iv) As per the provisions of PMLA, the Company shall maintain records as under:

a. Records of the identity and address of all clients and beneficial owners, obtained whileonboarding and updated thereafter, for a period of five years from the date of cessationof relationship.

b. Records of all transactions for a period of five years from the date of transaction.

(v) In case of customers who are non-profit organizations, the details of such customers shall be registered on the DARPAN Portal of NITI Aayog. Such registration records shall be maintainedfor a period of five years after the business relationship between the customer and SAFL has ended or the account has been closed, whichever is later.

Explanation- For the purpose of this Section, the expressions "records pertaining to the identification", “identification records”, etc., shall include updated records of the identification data, account files, business correspondence and results of any analysis undertaken.

CHAPTER VIII: REPORTING REQUIREMENTS

18. Reporting to Financial Intelligence Unit-India (FIU-IND):

(i) In terms of the provisions of the Rule 7 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. Company shall, inter-alia, furnish to the Director FIU-IND as mentioned in above point (Rule 3 of PML (Maintenance of Records) Rules, 2005).

(ii) A copy of information furnished shall be retained by the 'Principal Officer' for the purposes ofofficial record.

(iii) 'NIL' report need not be submitted in case there are no Cash / Suspicious Transactions.

(iv) Company shall prepare the reporting formats and comprehensive reporting format guide, prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility developed by FIU. Company shall use the editable electronic utilities to file electronic Cash Transaction Reports (CTR) / Suspicious Transaction Reports (STR) for extracting CTR /STR from their live transaction data.

(v) No restrictions will be put on account operations where an STR has been filed.

(vi) Robust software/system developments, throwing alerts when the transactions are inconsistent with risk categorization and updated profile of the customers will be put in to use as a part of effective identification and reporting of suspicious transactions.

(vii) While furnishing of information to the Director FIU-IND, delay of each day in not reporting atransaction or delay of each day in rectifying a misrepresented transaction beyond the time limitas specified in this rule shall constitute a separate violation.

(viii) The Company its directors, officers, and all employees shall ensure that the fact of maintenanceof records referred to in rule 3 of the PML (Maintenance of Records) Rules, 2005 and furnishing of the information to the Director is confidential. However, such confidentiality requirement shall not inhibit sharing of information under Section 4(b) of the KYC Master Direction of any analysis of transactions and activities which appear unusual, if any such analysis has been done.

An illustrative list of suspicious transactions in housing / builder / project loans is given at **Annexure H.**

CHAPTER X: REQUIREMENTS/OBLIGATIONS UNDER INTERNATIONAL AGENCIES

19. Section 51A of Unlawful Activities (Prevention) (UAPA) Act, 1967

a) SAFL shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities 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). The details of the two lists are as under:

(i) The **"ISIL (Da'esh) &Al-Qaida Sanctions List**", which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL &Al-Qaida Sanctions List is available at www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list

(ii) The "1988 **SanctionsList",** consisting of individuals (Section A of the consolidated list) and entities (Section B) associated with the **Taliban** which is available at https://www.un.org/securitycouncil/sanctions/1988/materials

b) The details of accounts resembling any of the individuals/entities in the above mentioned listsshall be reported to FIU-IND apart from advising Ministry of Home Affairs as required underUAPA notification dated Feb 2,2021.

c) The Company shall also verify every day, the `**UNSCR 1718 Sanctions List** of Designated Individuals and Entities', as available at https://www.un.org/securitycouncil/sanctions/1718/materials & UNSC sanctions lists on Iranas available at https://www.un.org/securitycouncil/content/2231/list, to take into account any modifications to the list in terms of additions, deletions or other changes and also ensure compliance with the 'Implementation of Security Council Resolution on Democratic People'sRepublic of Korea Order, 2017', as amended from time to time by the Central Government.

d) In addition to the above, SAFL shall take into account – (a) other UNSCRs and (b) lists in thefirst schedule and the fourth schedule of UAPA, 1967 and any amendments to the same for compliance with the Government orders on implementation of Section 51A of the UAPA and Section 12A of the WMD Act.

e) Company shall undertake countermeasures when called upon to do so by any international or intergovernmental organization of which India is a member and accepted by the Central Government.

20. Freezing of Assets under Section 51A of Unlawful Activities (Prevention) Act, 1967

The procedure laid down in the UAPA Order dated February 2, 2021 shall be strictly followed andmeticulous compliance with the Order issued by the Government shall be ensured. The list of NodalOfficers for UAPA is available on the website of Ministry of Home Affairs.

21. Obligations under Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005):

a. Company shall ensure meticulous compliance with the "Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005" laid down in terms of Section 12A of the WMD Act, 2005 vide Order dated September 01, 2023, by the Ministry of Finance, Government of India (Annex III of thisMaster Direction).
b. Company shall ensure not to carry out transactions in case the particulars of the individual / entity match with the particulars in the designated list.
c. Company shall run a check, on the given parameters, at the time of establishing a relation with a customer and on a periodic basis to verify whether individuals and entities in the designated list areholding any funds, financial asset, etc., in the form of bank account, etc.
d. Company shall refer to the designated list, as amended from time to time, available on the portal ofFIU-India.
e. In case of match in the above cases, company shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer (CNO), designated as the authority to exercise powers under Section 12A of the WMD Act,2005. A copy of the communication shall be sent to State Nodal Officer, where the account / transaction is held and to the RBI. Company shall file an STR with FIUIND covering all transactionsin the accounts, covered above, carried through or attempted.
f. In case of doubt, company shall prevent such individual/entity from conducting financial transactions, under intimation to the CNO by email, FAX and by post, without delay.
g. In case an order to freeze assets under Section 12A is received by the company from the CNO, Company shall, without delay, take necessary action to comply with the Order.
h. The process of unfreezing of funds, etc., shall be observed as per paragraph 7 of the Order. Accordingly, copy of application received from an individual/entity regarding unfreezing shall be forwarded by company along with full details of the asset frozen, as given by the applicant, to the CNO by email, FAX and by post, within two working days.

22. Jurisdictions that do not or insufficiently apply the FATF Recommendations

a) FATF Statements circulated by Reserve Bank of India from time to time, and publicly availableinformation, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered. Company shall apply enhanced due diligence measures,which are effective and proportionate to the risks, to business relationships and transactions withnatural and legal persons (including financial institutions) from countries for which this is calledfor by the FATF.

b) Special attention shall be given to business relationships and transactions with persons (including legal persons and other financial institutions) from or in countries that do not or insufficiently apply the FATF Recommendations and jurisdictions included in FATF Statements.
Explanation: The process referred to in Section 55 a & b do not preclude REs from having legitimate trade and business transactions with the countries and jurisdictions mentioned in theFATF statement

c) The background and purpose of transactions with persons (including legal persons and other financial institutions) from jurisdictions included in FATF Statements and countries that do notor insufficiently apply the FATF Recommendations shall be examined, and written findings together with all documents shall be retained and shall be made available to Reserve Bank/otherrelevant authorities, on request.

d) Financial Action Task Force (FATF) Listed Countries/ Jurisdictions: (http://www.fatf-gafi.org/)(subject to change).

CHAPTER – XI: OTHER MEASURES

23. <u>Secrecy Obligations and Sharing of Information</u>:

(i) The Company shall maintain secrecy regarding the customer information which arises out ofthe contractual relationship between the lender and customer.

(ii) The exceptions to the said rule shall be as under:

- Where disclosure is under compulsion of law;
- Where there is a duty to the public to disclose;
- The interest of the Company requires disclosure; and
- Where the disclosure is made with the express or implied consent of the customer.

(iii) While considering the requests for data/information from Government and other agencies, Company will satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in transactions.

(iv) The information collected from customers for the purpose of opening of account shall be treatedas 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.

24. Customer Due Diligence Procedure and Sharing KYC information with Central KYC Records Registry (CKYCR):

i. The Company will capture the KYC information, for sharing with the CKYCR as mentioned inthe Rules, as per their KYC templates for 'individuals' and 'Legal Entities'. The Company will upload the KYC data with CKYCR in respect of new individual accounts opened on or after April 1, 2017.

ii. Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCRvide Gazette Notification No. S.O. 3183(E) dated November 26, 2015.

iii. In terms of provision of Rule 9 (1A) of PML Rules, SAFL shall capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer.

iv. The Company shall upload KYC records pertaining to accounts of Legal Entities ("LEs") opened on or after April 1, 2021, with CKYCR in terms of the provisions of the Rules ibid. TheKYC records shall be uploaded as per the LE Template released by CERSAI.

v. Once KYC Identifier is generated by CKYCR, SAFL shall ensure that the same is communicated to the Individual/ Legal Entity as the case may be.

vi. In order to ensure that all KYC records are incrementally uploaded on to CKYCR, SAFL shall upload/update the KYC data pertaining to accounts of individual customers and LEs opened prior to the above mentioned dates as per (i) and (iv) respectively at the time of periodic updationas specified in Section 15 of this policy, or earlier, when the updated KYC information is obtained/received from the customer.

vii. The Company shall ensure that during periodic updation, the customers are migrated to the current CDD standard.

viii. Where a customer, for the purposes of establishing an account-based relationship, submits a KYC Identifier to SAFL, with an explicit consent to download records from CKYCR, then SAFL shall retrieve the KYC records online from the CKYCR using the KYC Identifier and the customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless –

(a) there is a change in the information of the customer as existing in the records of CKYCR;
(b) the current address of the customer is required to be verified;
(c) the Company considers it necessary in order to verify the identity or address of the customer,or to perform enhanced due diligence or to build an appropriate risk profile of the client;
(d) The validity period of documents downloaded from CKYCR has lapsed.

ix. On update of a customer record being processed at the Central KYC Registry, all linked financialinstitutions (institutions that have either uploaded or downloaded the KYC record for that customer), will receive an electronic update notification of KYC record from CKYCR. The Company shall download from CKYCR such last updated record of the customer.

The KYC templates for uploading data onto CKYCR for Individuals and Legal Entity is given at Annexure J.

25. Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and CommonReporting Standards (CRS):

(i) Under FATCA and CRS, SAFL shall adhere to the provisions of Income Tax Rules 114F, 114G, 114H and determine whether they are a Reporting Financial Institution (RFI) as defined in Income Tax Rule 114F and if so, shall take following steps for complying with the reporting requirements:

(a) Register on the related e-filling portal of Income Tax Dept. as RFI at the link https://incometaxindiaefiling.gov.in/ post login --> My Account -->Register as Reporting FinancialInstitution.

(b) Submit online reports using digital signature of the 'Designated Director' by uploading the Form 61B or 'NIL' report, for which, the scheme of Central Board of Direct Taxes (CBDT) shall be referred to.

Explanation – Company will refer to the spot reference rates published by Foreign Exchange Dealers' Association of India (FEDAI) on their website at http://wwwfedai.org.in/ RevaluationRates.aspx for carrying out the due diligence procedure for the purposes of identifying reportable accounts in terms of Rule 114H of Income Tax Rules.

(c) Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H of Income Tax Rules.

(d) Develop a system of audit for the IT framework and compliance with Rules 114F,114G and114H of Income Tax Rules.

(e) Constitute a "High Level Monitoring Committee" under the Designated Director or any otherequivalent functionary to ensure compliance. The committee shall comprise of Chief Financial Officer (Chairperson), Finance Controller & Chief Compliance Officer as members and shall meet atleast annually with a quorum of atleast 2 out of 3 members.

(f) Company shall ensure compliance with updated instructions/ rules/ guidance notes/Press releases/ issued on the subject by Central Board of Direct Taxes (CBDT) from time to time.

The FATCA Declaration format is given at **Annexure I.**

26. Unique Customer Identification Code:

The Company shall allot an Unique Customer Identification Code (UCIC) while entering into new relationships with Individual customers as also the existing customers of the Company.

(Company shall, at its option, not issue UCIC to all walk-in/occasional customers such as purchasersof third party products provided it is ensured that there is adequate mechanism to identify such walk-in customers who have frequent transactions with them and ensure that they are allotted UCIC).

27. Introduction of New Technologies –

Company shall identify & access to any money-laundering and financing of terrorism threats that may arise in relation to the development of new products and new business practices including newdelivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. Accordingly, company shall undertake the ML/TF risk assessments prior to the launch oruse of such products, practices, services and technologies; and take appropriate measures to manageand mitigate the risks through appropriate EDD measures and transaction monitoring, etc.

28. Quoting of PAN:

Permanent account number (PAN) or equivalent e-document thereof of customers shall be obtainedand verified while undertaking transactions as per the provisions of Income Tax Rule 114B, as amended from time to time. Form 60 shall be obtained from persons who do not have PAN or equivalent e-document thereof.

29. Selling Third party products:

While selling third party products as agents, the Company shall comply with the applicable laws/regulations, including system capabilities for capturing, generating and analysing alerts for thepurpose of filing CTR/STR in respect of transactions relating to third party products with customers.

a) Identity and address of the walk-in customer shall be verified for transactions above Rupees fifty thousand.

b) Transaction details of sale of third party products and related records shall be maintained as prescribed in Section 46 of Chapter VII.

c) AML software capable of capturing, generating and analysing alerts for the purpose of filing CTR / STR in respect of transactions relating to third party products with customers including walk-in customers shall be available.

d) Transactions involving rupees fifty thousand and above shall be undertaken only by:
   - Debit to customers' account or against cheques; and
   - Obtaining and verifying the PAN given by the account-based as well as walk-in customers.

e) Instruction at 'd' above shall also apply to sale of SAFL's own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for rupees fifty thousand and above.

30. Hiring of Employees and Employee training:

(i) Adequate screening mechanism as an integral part of personnel recruitment/ hiring process to be in place.

(ii) On-going employee training programme be in place so that the members of staff are adequatelytrained in KYC & AML Measures policy. The focus of the training be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff will be specially trained to handle issues arising from lack of customer education.

(iii) SAFL shall endeavour to ensure that the staff dealing with / being deployed for KYC/AML/CFTmatters have: high integrity and ethical standards, good understanding of extant KYC/AML/CFT standards, effective communication skills and ability to keep up with the changing KYC/AML/CFT landscape, nationally and internationally. SAFL must also seek to create an environment that encourages open communication and high integrity among its employees.

(iv) Proper staffing of the audit function with persons adequately trained and well-versed in KYC / AML / CFT policies of the company, regulations and related issues should be ensured.

31. Review of Policy:

Know Your Customer Policy may be reviewed annually. However, changes, if any, will be made inthe Policy from time to time based on the changes in Regulatory and Statutory Guidelines, various laws including Prevention of Money Laundering Act, 2002 and RBI guidelines.

The Chief Executive Officer and / or Managing Director are authorized to approve/review of the KYC & AML Policy and modifications to the Policy from time to time.

* * *

ANNEXURE A

Customer Identification Procedure

KYC Documents to be obtained for Opening various type of Accounts which are based on the RBI guidelines, PMLA/PML Rules and UIDAI Notifications are given below:

(A) KYC Documents for an Account of INDIVIDUAL, (including BENEFICIAL OWNER, AUTHORIZED SIGNATORY and POWER OF ATTORNEY HOLDER:

(1) One recent **Photograph,**

(2) **PAN** or Form 60 if PAN is not allotted

(3) **Certified Copy** * of one of the Officially Valid Documents (**OVD**s) listed below:

Sr. No.	Officially Valid Documents
1	Passport
2	Driving License
3	Voter's Identity Card issued by Election Commission of India
4	Proof of possession of Aadhaar Number i.e. Aadhaar Letter, Aadhaar Letter downloaded from UIDAI website (e-Aadhaar), Aadhaar Card,Aadhaar Secure QR Code, Aadhaar Paperless Offline e-KYC (an XML document generated by the UIDAI) **
5	Job Card issued by NREGA duly signed by an officer of the State Government
6	Letter issued by the National Population Register containing details of Name, Address of the customer with photograph of the card holder.
* Obtaining a **Certified Copy** by **Reporting Entity** (includes SAFL) means **comparing** the copy of OfficiallyValid Document (**OVD**) so produced by the client (i.e. customer) **with** its **Original** and recording the same on the copy by the authorised officer of the Reporting Entity" Copies of the KYC Documents should be Self- attested by the customers.	
** Ensure to redact/ blacken only the first eight digits of Aadhaar No. (on copy of Aadhaar Letter/ Aadhaar Card obtained).	

(4) In case **OVD** does not have **Current Address** of the client, obtain below listed documents which are treated **Deemed to be Officially Valid Documents (DOVD)** for the limited purpose of **Proof of Address:**

Sr. No.	Deemed to be Officially Valid Documents (DOVD) - Proof of Address (PoA)
i	**Utility bill,** in the name of the client, 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 & License Agreements with such employers allotting official accommodation
In case a client submits Deemed to be OVD (DOVD) towards Current Address, client must submit an OVDmentioned in **(A)(3)**, updated with Current Address, within **three months** of submission of the DOVD.	

(B) KYC Documents for an Account of <u>SOLE PROPRIETARY FIRMS</u>:

1) **KYC Documents** of the **Proprietor** as per the KYC Documents for Individual mentioned in **PointA** and
2) **Any** of the **Two** documents in the name of the Proprietorship Concern as **Proof of Business Activity** mentioned below:

Sr. No.	Proof of Business/ Activity in the name of the Proprietorship Concern
i	Registration Certificate including Udyam Registration Certificate issued by the government (Indicative list of Licenses / Certificates is given in **Annexure - B**)
ii	Certificate / License issued by the Municipal Authorities under Shop & Establishment Act
iii	Sales and Income Tax returns
iv	GST/ CST/ VAT certificate (Provisional / Final)
v	Certificate / Registration document issued by Sales Tax / Service Tax / Professional Tax Authorities
vi	Importer Exporter Code (IEC) issued to the Proprietary Concern by the office of DGFT/ License/Certificate of Practice issued in the Name of the Proprietary Concern by any Professional BodyIncorporated under a Statute
vii	The complete Income Tax return (not just the acknowledgement) in the Name of the Sole Proprietorwhere the firm's income is reflected and the same is duly authenticated/ acknowledged by the Income Tax Authorities
viii	Utility Bills such as Electricity, Water, and Landline Telephone bills in the Name of the Proprietary Concern

Relaxation in obtaining two documents in the name of Proprietorship Concern:

In case SAFL Official is satisfied that it is not possible for the Proprietor to furnish two documents as proof of business/ activity in the name of the Proprietorship Concern, SAFL Official has discretion to accept only one of these documents (as mentioned in **(B) (1)**) subject to following conditions:

- The official should undertake **Contact Point Verification (CPV)**,
- The official should collect the information necessary to establish the exercise of the Proprietorship Concern,
- The official should confirm, clarify and satisfy himself that the business activity has been verified from the address of the said Proprietorship Concern.
- In such cases, obtain Declaration from Proprietor as per **Annexure – C** and the concerned SAFL Official should submit Due Diligence Report as per **Annexure – D**

(C) KYC Documents or equivalent e-documents for an Account of <u>PARTNERSHIP FIRM</u>:

Certified copies of each of the following documents or the equivalent e-documents thereof shall beobtained.

Sr. No.	Document Name
i	Registration Certificate
ii	PAN of the Firm (PAN is mandatory)
iii	Partnership Deed
iv	One recent Photograph, PAN or Form 60, and valid OVD of the person holding an Attorney to transact on its behalf as per Point (A)
v	BO Declaration as per **Annexure G** & KYC Documents of BO as per Point (A)

vi	Names of all the partners
vii	The registered office and the principal place of its business, if it is different.

(D) KYC Documents or equivalent e-documents for an Account of a COMPANY:

Certified copies of each of the following documents or the equivalent e-documents thereof shall beobtained.

Sr. No.	Document Name
i	PAN of the Company (PAN is mandatory)
ii	Certificate of Incorporation
iii	Memorandum and Articles of Association (MOA & AOA)
iv	Resolution of the Board of Directors and Power of Attorney granted to its Managers, Officers or Employees to transact on its behalf
v	One recent Photograph, PAN or Form 60, and valid OVD of the Managers, Officers or Employees, as the case may be, holding an Attorney to transact on its behalf as per Point (A).
vi	Beneficial Ownership Declaration as per **Annexure G** & KYC Documents of BO as per Point (A)
vii	Names of the relevant persons holding senior management position
viii	The registered office and the principal place of its business, if it is different.

(E) KYC Documents or equivalent e-documents for an Account of TRUST:

Certified copies of each of the following documents or the equivalent e-documents thereof shall beobtained.

Sr. No.	Document Name
I	Registration Certificate
Ii	Trust Deed
Iii	PAN or Form 60 of the Trust
Iv	One recent Photograph, PAN or Form 60, & valid OVD of the Managers, Officers or Employees, asthe case may be, holding an Attorney to transact on its behalf as per point (A) and all individuals discharging the role as trustee and authorised to transact on behalf of the trust
V	BO Declaration as per **Annexure G** & KYC documents of BO as per Point (A)
Vi	Names of the beneficiaries, trustees, settlor, protector, if any and authors of the trust
vii	The address of the registered office of the trust

(F) KYC Documents or equivalent e-documents for an Account of an UNINCORPORATED ASSOCIATION OR BODY OF INDIVIDUALS (includes SOCIETIES):

Certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained.

Sr. No.	Document Name
I	Resolution of the Managing Body of such Association or Body of Individuals
Ii	PAN or Form 60 of the unincorporated association or a body of individuals
Iii	Power of Attorney (POA) granted to attorney holder to transact on its behalf
Iv	One recent Photograph, PAN/ Form 60 and valid OVD of the person holding an Attorney to transacton its behalf. (Attorney holder means Manager, Officer, Employee, Authorised Signatory, etc. holding an Attorney to transact on behalf of the client as mentioned in **Point (A)**)
V	Such information as may be required to collectively establish the legal existence of such Association or Body of Individuals
Vi	BO Declaration as per **Annexure G** & KYC documents of BO as per Point (A)

(G) KYC Documents or equivalent e-documents for an Account of HINDU UNDIVIDED FAMILY (HUF):

Certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained.

Sr. No.	Document Name
I	Deed of Declaration of HUF or HUF Letter having Name and Signature of all Adult Male and Female Co-parceners
Ii	PAN of HUF
Iii	One recent Photograph, PAN or Form 60, and valid OVD of the person holding an Attorney to transact on its behalf as per Point (A.

(H) KYC Documents or equivalent e-documents for an Account of a LIMITED LIABILITY PARTNERSHIP FIRM:

Certified copies of each of the following documents or the equivalent e-documents thereof shall beobtained.

Sr. No.	Document Name
I	Limited Liability Partnership Agreement
Ii	Certificate of Incorporation
Iii	PAN of the LLP (PAN is mandatory)
Iv	List of all existing designated partners of the LLP along with the Designated Partner Identification Number (DPIN) issued by the Central Government (on the letterhead of the LLP)
V	Resolution passed at the meeting of the Designated Partners for placing such Deposit/borrowing request with SAFL.
Vi	Proof of Address in the name of LLP
Vii	One recent Photograph, PAN or Form 60, and valid OVD of the person holding an Attorney to transact on its behalf as per Point (A).
Viii	BO Declaration as per **Annexure G** & KYC documents of BO as per Point (A).

(I) KYC Documents for opening accounts of juridical persons, such as societies, universities and local bodies like village panchayats or who purports to act on behalf of such juridical person or individual or trust.

Sr. No.	Document Name
i	Document showing name of the person authorised to act on behalf of the entity
Ii	One recent Photograph, PAN or Form 60, and valid OVD of the person holding an Attorney to transact on its behalf as per Point (A).
Iii	Such documents as may be required by SAFL to establish the legal existence of such an entity/ juridical person
Provided that in case of a trust, the trustees are required to disclose their status at the time ofcommencement of an account-based relationship or when carrying out transactions as specified in clause (b), (e) and (f) of Section 13 of the KYC Master Directions.	

(J) Clarification / Instructions:

Sr. No.	Particulars
i	Obtaining a **Certified Copy** means comparing the copy of **Officially Valid Document (OVD) or Deemed to be OVDs** submitted by the **client (i.e. customer)** with its original and recording the same on the copy by the authorised officer of the reporting entity. After **verifying** the **copy with original OVD/DOVD,** the authorised officer should certify on the copy by mentioning **Original Seen and Verified (OSV)** and put his/her signature.
Ii	Beneficial Owner (**BO**) **is** a **Natural Person**(s) (i.e. individual) who, whether acting alone or together,or through one or more juridical persons, has/have a controlling ownership interest or who exercise control through other means. In case of account of a **legal entity**, **BO must be identified** and verifiedat the time of on boarding of a customer by obtaining **BO Declaration** as per **Annexure G** and **KYC Documents** as listed in Point (A). Provided that in case of a trust, the trustees are required to disclose their status at the time of commencement of an account-based relationship or when carrying out transactions as specified in clause (b) of sub-rule (1) rule 9 under the PML Rules when transactions are carried out through a juridical person.
Iii	While obtaining copy of Aadhaar letter, Aadhaar card, etc. the **Aadhaar Number** must be **redacted** or **blackened** so that it is **not legible** and the Aadhaar Number should **not be entered or stored in anysystem**.
Iv	In case, where a client has submitted **Deemed to be OVD (DOVD)** towards Current Address, such client must submit an OVD updated with Current Address within **three months** of submission of the DOVD documents.
V	OVDs and Deemed to be OVDs should be in the name of the client (i.e. customer)
Vi	**Attorney holder** means Trustee, Manager, Officer, Employee, Authorised Signatory, etc. holding an Attorney to transact on behalf of the client as per Point (A).
Vii	**Photograph**, **Photocopy** of the OVD/DOVD or any documents obtained must be clear & legible.
Viii	**PAN is mandatory Document in case of Account of Company and Partnership Firm. Form 60 in lieu of PAN can be considered for entities/individuals other than company & partnership firm.**
Ix	**PAN verification** from the verification facility available with the issuing authority
X	**Aadhaar** is an **Officially Valid Document (OVD)** as per the Prevention of Money-Laundering (Maintenance of Records) Amendment Rules, 2019 dated February 13, 2019.

Annexure - B

Indicative List of Licenses / Certificates Issued in the Name of the Proprietary Firm by any ProfessionalBody Incorporated under a Statute	
Sr. No.	**Type of Document**
I	Full Fledge Money Changer (FFMC) License issued by RBI.
Ii	Small Scale Industries Certificate: Trade License issued by Department of Industries and Commerce.
Iii	Permission issued by respective Government Authority for units in SEZ (Special Economic Zone), STP(Software Technology Park), EOU (Export Oriented Unit), EHTP (Electronic Hardware Technology Park), DTA (Domestic Tariff Area) and EPZ (Export Processing Zone).
Iv	Registration Certificate of recognized Provident Fund with PF Commissioner.
V	Permission to carry out business issued by Village Administrative Officer / Panchayat Head / Mukhiya / Sarpanch / Talati / Village Developmental Officer / Block Development Officer or Equal Rank officerfor customers in rural / village areas and President / CEO if the document is issued by Nagar Parishad / Zilla Parishad. Branch to ascertain and ensure that the official who has signed the certificate has been empowered to do so.
Vi	Factory Registration Certificate issued by any State / Central Government Authority.
Vii	License to sell stock or exhibit for sale or distribute insecticides, under the Insecticides Rules, issued by respective State / Union Government Department.
Viii	License issued under Contract Labour (Regular & Abolition) Act 1970. If generated online it should be attested by Municipal Authorities.
Ix	License issued by Police Department under the provisions of State Police Acts.
X	Zilla Udyog Kendra Registration Certificate.
Xi	Registration for Fire Goods issued by Municipal Corporations.
Xii	Trade Licence from Labour Department.
Xiii	Certificate issued by ANCHAL SAMITI MEMBER for existence of Firm. The Anchal Samiti exists at the Block level in Arunachal Pradesh and is a body under the Panchayati Raj system for a cluster of villages.
Xiv	APMC / Mandi License / Certificate and as part of due diligence, please obtain the receipt for amount paid to the concerned authority for issuance/ renewal of this license.
Xv	Gram Panchayat Certificate (should be on letterhead and not more than 3 months old).

Annexure - C

On the Letter head of Proprietary firm

Proprietor's Declaration where only one Proof of Business / Activity in Proprietary Firm's Name isavailable

Date:_____/_____/____

To,
The Branch Manager
Sustainable Agro Commercial Finance Ltd
_____Branch

Dear Sir/ Madam,

I_____hereby confirm that, I am sole proprietor of M/s _____(Name of the Firm).

I have applied for loan / wish to place deposit in the name of the said firm and I have provided _____(Name of the Document) as a proof of firm's Business / Activity.

I advise and confirm that I do not have another document as proof of business / activity in the name of thefirm due to following reason:

New establishment	Low turnover	Operating from residence
Other (Please specify)		

Tick whichever is applicable

I request you to please consider opening Account with one document.

_____

Stamp of the Firm & Signature of Proprietor

Annexure - D

Due Diligence Report	
File No. / SFDC no	
Name of the Proprietary Firm	
Name of the Proprietor of the Proprietary Firm	
Address of the Proprietary Firm	
Name of the officer, who has conducted contact pointverification	
List of documents obtained as a proof of business/ activity of the firm	
Reason(s) to believe that the applicant is unable toprovide one of such documents	
Other information and clarification obtained to establish existence of such firm	
List of additional documents obtained	
Status of the site visit report (Available/ unavailable	

(The Due Diligence Report should be submitted by the sourcing executive to ensure and certify that thebusiness / activity declared by the proprietor is correct and carried on by the proprietor, since the proprietor does not have second proof of Business / Activity in the name of the Proprietary Firm)

Employee Name & Signature : _____

Designation : _____

Employee ID : _____

Date : _____

Place : _____

Annexure - E

Video Based Customer Identification Process (V-CIP)

A. The Company may undertake V-CIP to carry out:

i. CDD in case of new customer on-boarding for individual customers, proprietor in case of proprietorship firm, authorised signatories and Beneficial Owners (BOs) in case of Legal Entity(LE) customers. Provided that in case of CDD of a proprietorship firm, SAFL shall also obtain the equivalent e-document of the activity proofs with respect to the proprietorship firm, as mentioned in Annexure A apart from undertaking CDD of the proprietor.

ii. Updation /Periodic updation of KYC for eligible customers.

iii. Conversion of existing accounts opened in non-face to face mode using Aadhaar OTP based e- KYC authentication.

The Company while undertaking V-CIP, shall adhere to the following minimum standards:

a) V-CIP Procedure

i. The Company shall comply with the RBI guidelines on minimum baseline cyber security andresilience framework for banks, as updated from time to time as well as other general guidelines on IT risks. The technology infrastructure shall be housed in own premises of the Company and the V-CIP connection and interaction shall necessarily originate from its own secured network domain. Any technology related outsourcing for the process should be compliant with relevant RBI guidelines.

ii. The Company shall ensure end-to-end encryption of data between customer device and the hosting point of the V-CIP application, as per appropriate encryption standards. The customerconsent should be recorded in an auditable and alteration proof manner.

iii. The V-CIP infrastructure/ application should be capable of preventing connection from IP addresses outside India or from spoofed IP addresses.

iv. The video recordings should contain the live GPS co-ordinates (geo-tagging) of the customerundertaking the V-CIP and date-time stamp. The quality of the live video in the V-CIP shall be adequate to allow identification of the customer beyond doubt.

v. The application shall have components with face liveness / spoof detection as well as face matching technology with high degree of accuracy, even though the ultimate responsibility of any customer identification rests with the Company. Appropriate artificial intelligence (AI)technology can be used to ensure that the V-CIP is robust.

vi. Based on experience of detected/ attempted/ 'near-miss' cases of forged identity, the technology infrastructure including application software as well as work flows shall be regularly upgraded. Any detected case of forged identity through V-CIP shall be reported as a cyber event under extant regulatory guidelines.

vii. The V-CIP infrastructure shall undergo necessary tests such as Vulnerability Assessment, Penetration testing and a Security Audit to ensure its robustness and end-to-end encryption capabilities. Any critical gap reported under this process shall be mitigated before rolling outits implementation. Such tests should be conducted by empanelled auditors of Indian Computer Emergency Response Team (CERT-In). Such tests should also be carried out periodically in conformance to internal / regulatory guidelines.

viii. The V-CIP application software and relevant APIs / webservices shall also undergo appropriate testing of functional, performance, maintenance strength before being used in liveenvironment. Only after closure of any critical gap found during such tests, the application should be rolled out. Such tests shall also be carried out periodically in conformity with internal/ regulatory guidelines.

b) V-CIP Procedure

i. The Company shall formulate a clear work flow and standard operating procedure for V-CIPand ensure adherence to it. The V-CIP process shall be operated only by officials of the Company specially trained for this purpose. The official should be capable to carry out liveliness check and detect any other fraudulent manipulation or suspicious conduct of the customer and act upon it.

ii. Disruption of any sort including pausing of video, reconnecting calls, etc., should not result in creation of multiple video files. If pause or disruption is not leading to the creation of multiple files, then there is no need to initiate a fresh session by the company. However, in case of call drop / disconnection, fresh session shall be initiated.

iii. The sequence and/or type of questions, including those indicating the liveness of the interaction, during video interactions shall be varied in order to establish that the interactionsare real-time and not pre-recorded.

iv. Any prompting, observed at end of customer shall lead to rejection of the account opening process.

v. The fact of the V-CIP customer being an existing or new customer, or if it relates to a case rejected earlier or if the name appearing in some negative list should be factored in at appropriate stage of work flow.

vi. The authorised official of the Company performing the V-CIP shall record audio-video as well as capture photograph of the customer present for identification and obtain the identification information using any one of the following:

a) Offline Verification of Aadhaar for identification
b) KYC records downloaded from CKYCR, in accordance with Section 24, using the KYC identifier provided by the customer
c) Equivalent e-document of Officially Valid Documents (OVDs) including documentsissued through Digi locker

The Company shall ensure to redact or blackout the first eights of Aadhaar number.

In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than 3 working days from the date of carrying out V-CIP.

Further, in line with the prescribed period of three working days for usage of Aadhaar XMLfile / Aadhaar QR code, SAFL shall ensure that the video process of the V-CIP is undertakenwithin three working days of downloading/ obtaining the identification information through CKYCR / Aadhaar authentication/ equivalent e-document, if in the rare cases, the entire process cannot be completed at one go or seamlessly. However, SAFL shall ensure that noincremental risk is added due to this.

vii. If the address of the customer is different from that indicated in the OVD, suitable records ofthe current address shall be captured, as per the existing requirement. It shall be ensured that the economic and financial profile/information submitted by the customer is also confirmed from the customer undertaking the V-CIP in a suitable manner.

viii. The Company shall capture a clear image of PAN card to be displayed by the customer duringthe process, except in cases where e-PAN is provided by the customer. The PAN details shallbe verified from the database of the issuing authority including through Digi locker.

ix. Use of printed copy of equivalent e-document including e-PAN is not valid for the V-CIP.

x. The authorised official of the Company shall ensure that photograph of the customer in the Aadhaar/OVD and PAN/e-PAN matches with the customer undertaking the V-CIP and the identification details in Aadhaar/OVD and PAN/e-PAN shall match with the details providedby the customer.

xi. All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of process and its acceptability of the outcome.

xii. All matters not specified under the paragraph but required under other statutes such as the Information Technology (IT) Act shall be appropriately complied with by the Company.

c) V-CIP Records and Data Management

i. The entire data and recordings of V-CIP shall be stored in a system / system's located in India.The Company shall ensure that the video recording is stored in a safe and secure manner andbears the date and time stamp that affords easy historical data search. The extant instructionson record management, as stipulated in the RBI Master Direction on KYC, shall also be applicable for V-CIP.

ii. The activity log along with the credentials of the official performing the V-CIP shall be preserved.

Annexure - F

Digital KYC Process

A. The RE 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 undertakenonly through this authenticated application of the REs.

B. The access of the Application shall be controlled by the REs and it should be ensured that the same isnot used by unauthorized persons. The Application shall be accessed only through login-id and passwordor Live OTP or Time OTP controlled mechanism given by REs to its authorized officials.

C. The customer, for the purpose of KYC, shall visit the location of the authorized official of the RE or vice-versa. The original OVD shall be in possession of the customer.

D. The RE must 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 RE shall put a water-mark in readable form having CAF number, GPS coordinates, authorized official's name, unique employee Code (assigned by REs) and Date (DD:MM:YYYY) and time stamp (HH:MM:SS) on the captured live photograph of the customer.

E. The Application of the RE shall have the feature that only live photograph of the customer is capturedand 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 intothe 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 available on Aadhaar/e- Aadhaar.

I. Once the above-mentioned process is completed, a One Time Password (OTP) message containing thetext 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 mobilenumber 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 RE. Upon successfulOTP 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 RE, 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 of the RE shall check and verify that: -

i. information available in the picture of document is matching with the information entered byauthorized 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 of the RE who willtake 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.

Annexure G

Beneficial Ownership Declaration

To: Sustainable Agro Commercial Finance Ltd Date:
DD/ MM/ YYYY

Account No. / Deposit ID: **Customer ID:**

In case the Applicant is listed on any stock exchange or is a subsidiary of an entity which is listed on a stock exchange, please fill only the below section and sign in Section II.
Name of the Entity: _____
Type of the Entity: _____
Address of the Entity: _____
I / We, the undersigned, hereby declare that our company/ holding company is listed on ---------- ---------- Stock Exchange.
Name of the Holding Company, M/s .

In case of Any Entity other than a Listed Company, please provide details under Section – I (i) andSection – I (ii), as applicable and Section – II to be ticked and filled in.

Section – I (i)

I / We, the undersigned, hereby declare that following persons own more than 10% (in case of Companiesand partnerships)/ 10% or more in case of Trust / more than 15% (in other cases) interest in thecaptioned entity. (Refer Notes - A)

Sr. No.	Name of Beneficial Owner (Shareholders / Partners/Trustees etc.)	Address of Beneficial Owner (Shareholders/ Partners/ Trustees etc.)	Beneficial Owner Type	Date of Birth / Registration / Incorporation	PAN/ Registration No.	Nationality	% of Shareholding / Profits / Interest / Ownership in the Entity
1							
2							
3							
4							

Please use additional sheet in case of more information to disclose.

Section – I (ii)

Applicable only if there is / are non-individual shareholder(s) / partners, etc. having controlling ownership
interest in excess of the prescribed threshold as declared in Section – I (i). Following persons(s), havecontrolling ownership interest in Beneficial Owner of the Entity as declared in Section – I (i) above.

Sr. No.	Name of Beneficial Owner (Shareholders / Partners/Trustees etc.)	Address of Beneficial Owner (Shareholders/ Partners/ Trustees etc.)	Beneficial Owner Type	Date of Birth / Registration / Incorporation	PAN/ Registration No.	Nationality	% of Shareholding / Profits/Interest/ Ownership in the Entity
1							
2							
3							
4							

OR

Section – II

Applicable, if no person has Controlling Ownership in excess of the prescribed threshold as declared in Section-I.

☐ **I / We declare that no person/ entity holds controlling ownership in the captioned company in excess of the threshold limit prescribed below in Note - A.**

Authorised Signatory (ies) (i) **Signature** _____

Authorised Signatory (ies) (ii) **Signature** _____

Authorised Signatory (ies) (ii) **Signature** _____

(Refer note D for Signature requirement)

Notes

A. As per the Prevention of Money laundering (Maintenance of Records) Rules, 2005,

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 person, **has a controlling ownership interest or whoexercises control** through other means. Explanation - For the purpose of this sub-clause-

i. **"Controlling ownership interest"** means ownership of or entitlement to more than 10% of shares or capital or profits of the company;

ii. **"Control"** shall include the right to appoint majority of the directors or to control the management orpolicy 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 morethan 10% of capital or profits of the partnership or who exercises control through other means; Explanation: For the purpose of this clause, "Control" shall include the right to control the management or policy decision.

(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, hasownership of or entitlement to more than 15% 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 relevantnatural 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 theauthor of the trust, the trustee, the beneficiaries with 10% or more interest in the trust and any other naturalperson 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, oris 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.

B. Beneficial Ownership Identification is NOT required, in following cases:

Individual accounts, Sole Proprietorship accounts, HUF, Government Departments, Public Sector Undertaking, Local Government Bodies (Municipal Corporation, Gram Panchayats etc.), Company listed on a recognized stock exchange in India (ii) it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions, or (iii) it is a subsidiaryof such listed entities.

C. Beneficial Ownership Declaration to provide details of following

Partnership Firm / LLP: natural persons/partners	Club: Members / Authorized Signatories/ Beneficiary
Trust: Trustees / Settlor / Protector / Beneficiary	Association of Persons: Members / Auth. Signatories /Beneficiary
Foundation: Founder managers/Directors/Beneficiary	Pvt Ltd companies and Unlisted Public Ltd Companies:Shareholder / Directors / Other Beneficiaries
Society: Members/Authorized Signatories/Beneficiary	In case of Foreign Entity: Shareholder/Director/OtherBeneficiaries

D. Signature on Declaration form

Sr. No.	Type of Entity	Signatory (ies) for Signing BO Declaration
I	Partnership Firm / LLP / Trust / Foundation / Society /Club	Authorized Signatories should sign as per the Mode of Operations
Ii	Association	All Authorized Signatories should sign
Iii	Unlisted Public Limited Companies and PrivateLimited Companies	Any two Directors or Company Secretary or Authorized Signatories as per the Board Resolution
Iv	Foreign Entity	All Authorized Signatories should sign

E. KYC Documents of Beneficial Owners (KYC of Directors/ Senior Management, in case BO is not identified) should be submitted as per the OVD under PMLA and RBI Guidelines, as amended from time to time.

(1) One recent Photograph
(2) PAN or Form 60 if PAN is not allotted
(3) Certified Copy * of one of the Officially Valid Documents (OVDs) listed below:

Sr. No.	Officially Valid Documents (OVDs)
1	Passport
2	Driving License
3	Voter's Identity Card issued by Election Commission of India
4	Proof of possession of Aadhaar Number (i.e. Aadhaar letter, Aadhaar Letter downloaded from UIDAI website (e-Aadhaar), Aadhaar Card, Aadhaar Secure QR Code, Aadhaar PaperlessOffline e-KYC (an XML document generated by the UIDAI) **
5	Job Card issued by NREGA duly signed by an officer of the State Government
6	Letter issued by the National Population Register containing details of Name, Address of thecustomer with photograph of the card holder.

* Obtaining a **Certified Copy** by Reporting Entity (this includes our Company) means comparing the copy of Officially Valid Document (OVD) so produced by the client (i.e. customer) with its Original andrecording the same on the copy by the authorized officer of the Reporting Entity" Copies of the KYC Documents should be Self- attested by the customers.
** Ensure that the Aadhaar No. (on copy of Aadhaar Letter/Aadhaar Card obtained), must be redactedor blackened and it is not legible and the Aadhaar No. should not be entered/stored in any system.

Annexure - H

Illustrative List of Suspicious Transactions

A. Builder/ Project/ Corporate Clients

1. Builder approaching the HFC for a small loan compared to the total cost of the project.
2. Builder is unable to explain the sources of funding for the project.
3. Approvals/sanctions from various authorities are proved to be fake or if it appears that client does not wish toobtain necessary governmental approvals/ filings, etc.
4. Management appears to be acting according to instructions of unknown or inappropriate person(s).
5. Employee numbers or structure out of keeping with size or nature of the business (for instance the turnover of acompany is unreasonably high considering the number of employees and assets used).
6. Clients with multi-jurisdictional operations that do not have adequate centralised corporate oversight.
7. Advice on setting up of legal arrangements that may be used to obscure ownership or real economic purpose (including setting up of Trusts, Co., change of name/corporate seat or other complex group structures).
8. Entities with a high level of transactions in cash or readily transferable assets, among which illegitimate fundscould be obscured.

B. Individuals

1. Legal structure of client has been altered numerous times (name changes, transfer of ownership, change ofcorporate seat).
2. Unnecessarily complex client structure.
3. Individual or classes of transactions that take place outside the established business profile, and expected activities/ transaction unclear.
4. Customer is reluctant to provide information, data, documents.
5. Submission of false documents, data, purpose of loan, details of accounts.
6. Refuses to furnish details of source of funds for initial contribution, sources of funds is doubtful etc.
7. Reluctant to meet in person, represents through a third party/POA holder without sufficient reasons.
8. Approaches a branch/ office of a HFC, which is away from the customer's residential or business addressprovided in the loan application, when there is HFC branch/ office nearer to the given address.
9. Unable to explain or satisfy the numerous transfers in the statement of account/ multiple accounts.
10. Initial contribution made through unrelated third-party accounts without proper justification.
11. Availing a top-up loan and/ or equity loan, without proper justification of the end use of the loan amount.
12. Suggesting dubious means for the sanction of loan.
13. Where transactions do not make economic sense.
14. Unusual financial transactions with unknown source.
15. Payments received from un-associated or unknown third parties and payments for fees in cash where this wouldnot be a typical method of payment.
16. There are reasonable doubts over the real beneficiary of the loan and the flat to be purchased.
17. Encashment of loan amount by opening a fictitious bank account.
18. Applying for a loan knowing fully well that the property/dwelling unit to be financed has been funded earlier andthat the same is outstanding.
19. Sale consideration in the sale agreement is abnormally higher/lower than prevailing in the area of purchase.
20. Multiple funding of the same property/dwelling unit.
21. Request for payment made in favour of a third party who has no relation to the transaction.
22. Usage of loan amount by the customer in connivance with the vendor/builder/developer/broker/agent etc. andusing the same for a purpose other than what has been stipulated.
23. Multiple funding -financing involving NCO/Charitable Organisation /SMEs/SHGs/Micro Finance Groups.
24. Frequent requests for change of address.
25. Overpayment of instalments with a request to refund the overpaid amount.
26. Investment in real estate at a higher/lower price than expected.
27. Clients incorporated in countries that permit bearer shares.

Annexure I

Risk based grading

Parameters	Risk Rating	Rate of Interest Range (%)
1) Method of Assessment		
a) Assessed Income Based	High	21% - 24% p.a.
b) Variant Based – Banking Surrogate/ Turnover (GST) based assessment	Medium	19% - 21% p.a.
c) Income (ITR) based assessment	Low	17% - 19% p.a.
2) CIC Score Based -		
a) New to Credit/ CIC Score 600 – 650	High	21% - 24% p.a.
b) CIC Score 650 - 700	Medium	19% - 21% p.a.
c) CIC Score 700 and above	Low	17% - 19% p.a.
3) Collateral Security Offered -		
a) Unsecured/ Secured - Tier 3 location Residential/Commercial Property	High	21% - 24% p.a.
b) Secured - Tier 2 location Residential/ Commercial Property	Medium	19% - 21% p.a.
c) Secured – Tier 1 location residential/ Commercial Property	Low	17% - 19% p.a.
4) Deviations Considered during Sanction -		
a) FOIR/LTV (above 70%)/other deviations/conditional sanctions#	High	21% - 24% p.a.
b) FOIR/LTV/other deviations/conditional sanctions (medium risk)	Medium	19% to 21% p.a.
c) FOIR/LTV/other deviations/conditional sanctions (low risk)	Low	17% to 19% p.a.

Annexure I

RBI Circulars

Sr. No.	Circular No.	Subject	Date
1	RBI/2018-19/190 DBR.AML.BC.No.39/14.01.001/2018-19	Amendment to Master Direction (MD) on KYC	29-05-2019
2	RBI/2019-20/37 DBR.AML.BC.No. 11/14.01.001/2019-20	Amendment to Master Direction (MD) on KYC	09-08-2019
3	RBI/2019-20/138 DOR.AML.BC.No.27/14.01.001/2019-20	Amendment to Master Direction (MD) on KYC	09-01-2020
4	RBI/2019-20/207 DOR.AML.BC.No. 61/14.01.001/2019-20	Amendment to Master Direction (MD) on KYC	01-04-2020
5	RBI/2019-20/221 DOR.AML.BC.No.66/14.01.001/2019-20	Internal ML/TF risk assessment by REs - Amendment to Master Direction (MD) on KYC	20-04-2020
6	RBI/2020-21/80 DOR.AML.BC.No.31/14.01.001/2020-21	Amendment to master Direction (MD) on KYC - Centralized KYC Registry - Roll out of Legal Entity Template & other changes	18-12-2020
7	RBI/2020-21/110 DOR.AML.REC.48/14.01.001/2020-21	Amendment to Master Direction (MD) on KYC - Procedure for Implement of Section 51A of the Unlawful Activities (Prevention) Act, 1967	23-03-2021
8	RBI/2021-22/10 DOR.AML.BC.NO.1/14.01.001/2021-22	Amendment to Master Direction on KYC - KYC norms for Self Help Groups (SHGs)	01-04-2021
9	RBI/2021-22/35 DOR.AML.REC.No.15/14.01.001/2021-22	Amendment to the Master Direction (MD) on KYC	10-05-2021
10	RBI/2023-24/24 DOR.AML.REC.111/14.01.001/2023-24	Amendment to the Master Direction (MD) on KYC	28-04-2023
11	RBI/2023-24/25 DOR.AML.REC.13/14.01.001/2023-24	Amendment to the Master Direction (MD) on KYC - Instruction on Wire Transfer	04-05-2023
12	RBI/2023-24/69 DOR.AML.REC.44/14.01.001/2023-24	Amendment to the Master Direction (MD) on KYC	17-10-2023
13	RBI/2023-24/107 DOR.AML.REC.66/14.01.001/2023-24	Amendment to the Master Direction (MD) on KYC	04-01-2024
14	RBI/2024-2025/87 DOR.AML.REC.49/14.01.001/2024-25	Amendment to the Master Direction - Know Your Customer (KYC) Direction, 2016	06-11-2024

Annexure -K

Foreign Account Tax Compliance Act of the United States of America (USA) FATCA/ CommonReporting Standards (CRS) Questionnaire cum Declaration

1. FATCA/ CRS Questionnaire for Individual



FATCA Declaration from Individuals.pdf

2. FATCA/ CRS Questionnaire for Entities



SAFL_FATCA_CRS Questionnaire for Entity

Annexure -L

KYC Template to upload data onto CKYCR for Individuals and Legal Entity

a. KYC Template for Individual


KYC_Template_Indiv idual_2.1.pdf


KYC_Template_Individual_Annexure_A1_

b. KYC Template for Legal Entity


KYC_Template_Legal_Entity_1.1.pdf


KYC_Template_Legal_Entity_Annex_1.1.pdf