



KYC-Know Your Customer (AML/CFT) Policy

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SATIN CREDITCARE NETWORK LIMITED

Corporate Office: Plot No. 492, Udyog Vihar, Phase – III, Gurugram, Haryana – 122016, India

Regd. Off: 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi-110033, INDIA,

Phone:+91-47545000,Fax:+91-27672727

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Satin Creditcare Network Ltd.

Registered office: 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi-110033, India

Corporate Office: Plot No. 492, Udyog Vihar, Phase – III, Gurugram, Haryana – 122016, India

www.satincreditcare.com



INDEX

S. No.	Particulars
1	Preamble
2	Purpose
3	Definitions
4	Key Elements
	a. Customer Acceptance Policy("CAP")
	b. Customer Identification Procedures("CIP")
	c. Risk management
	d. Monitoring of Transactions
5	Designated Director and Principal Officer
6	Money Laundering and Terrorist Financing Risk Assessment by Regulated Entities
7	Compliance of KYC Policy
8	Customer Due Diligence Procedures("CDD")
9	Record Management
10	Reporting Requirements to Financial Intelligence Unit - India
11	Requirements/ obligations under International Agreements Communications from International Agencies
12	Other Instructions
13	Other countries (including EU) AML/FATF regulations

Version:

Version	Date	Maker	Reviewer	Summary of Changes
4.0	28.06.2022	Anshuman Kamboj	Dhiraj Jha	New KYC Policy as per RBI MD on KYC
4.0	07.02.2023	Anshuman Kamboj	Dhiraj Jha	As per amendments in RBI MD on KYC
4.1	26.09.2023	Anshuman Kamboj	Dhiraj Jha	As per amendments in RBI MD on KYC
4.2	22.12.2023	Anshuman Kamboj	Dhiraj Jha	As per amendments in RBI MD on KYC
4.3	22.03.2024	Anshuman Kamboj	Dhiraj Jha	As per amendments in RBI MD on KYC
4.4	30.04.2024	Anshuman Kamboj	Dhiraj Jha	Addition of EU Sanction List
4.5	12.03.2025	Anshuman Kamboj	Vikas Wadhwa	As per amendments in RBI MD on KYC
4.6	29.10.2025	Anshuman Kamboj	Vikas Wadhwa	As per amendments in RBI MD on KYC

Annexure:

- Indicative list for risk categorization of customers as Annexure-A
- List of KYC documents for different types of customers as Annexure-B
- KYC documents of Accounts of FPIs (registered as per SEBI guidelines, for the purpose of investment under Portfolio Investment Scheme (PIS)) - Annex C
- Procedure for obtaining Identification Information – Annexure-D
- Digital KYC Process-Annexure E

1. Preamble

In terms of the provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time by the Government of India and Aadhaar, UIDAI and other Laws (amendment) Ordinance, 2019 as notified by the Government of India, SATIN Creditcare Network Limited (the “Company” or “SCNL”) is required to follow certain customer identification procedure (CIP) while undertaking a transaction either by establishing an account based relationship or otherwise, and monitor their transactions.

This KYC Policy is issued as per RBI’s Master Directions on Know Your Customer (updated upto 14.08.2025) and incorporates the amendments made to PML Rules 2005 vide gazette notification dated 28.05.19 and amendments made to PML Act 2002 vide gazette notification dated 02.03.19.

All offices of the Company shall take all necessary steps to implement this KYC policy and provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, as amended from time to time, including operational instructions issued in pursuance of such amendment(s).

The Board of Directors (the “Board”) of SCNL has adopted the following policy regarding salient features of Know Your Customer (“KYC”) / Anti-Money Laundering (“AML”) norms as prescribed by Reserve Bank of India (“RBI”).

2. Purpose:

The policy has been framed in accordance with the Reserve Bank of India (Know Your Customer (KYC) Master Direction - Know Your Customer (KYC) Direction, 2016 (Updated as on Aug 14, 2025) (“KYC Master Directions”) and Prevention of Money-Laundering Act, 2002. As per the above-referred master circular, SCNL is required to adopt the guidelines contained therein with suitable modifications in accordance with the Company’s business activity and ensure that a proper policy framework on KYC and AML measures are formulated and put in place with the approval of the Board. The Frequently Asked Questions (FAQs) on KYC may be accessed at the following link [Reserve Bank of India - Frequently Asked Questions \(rbi.org.in\)](https://www.rbi.org.in/FAQs)

In terms of the provisions of the Prevention of Money-Laundering Act, 2002, Amendment to Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, and Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2019 (collectively the “Rules”), SCNL is required to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions. Further, the policy is deemed to be amended in accordance with the changes carried out in the Reserve Bank of India (Know Your Customer (KYC) Directions, 2016 issued vide notification no. **RBI/2025-26/75DOR.AML.REC.46/14.01.001/2025-26**.

This policy document envisages the establishment and adoption of measures and procedures relating to KYC, AML and CFT for SCNL in accordance with the requirements prescribed by RBI and modified from time to time.

Prevention of Money-Laundering Act, 2002: In terms of the provisions of Prevention of Money-Laundering Act, 2002, Amendment to Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2019, SCNL is required to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions. This policy document envisages the establishment and adoption of measures and procedures relating to KYC, AML (PMLA) and CFT for SCNL in accordance with the requirements prescribed by RBI and modified from time to time.



The objective

The objective of KYC guidelines is to prevent SCNL from being used, intentionally or unintentionally, by criminal elements for money laundering activities. KYC procedures also enable the Company to know/understand its customers and their financial dealings better which in turn help them manage the risks prudently. SCNL has framed its KYC policy incorporating the following four key elements: -

- a) Customer Acceptance Policy;
- b) Customer Identification Procedures;
- c) Monitoring of Transactions; and
- d) Risk management.

For the purpose of the KYC policy, a 'Customer' is defined as per Clause 3(b)(ii) of the KYC Master Directions i.e. Definitions.

3. Definitions

- a. "Aadhaar 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', means an identification number issued to an individual by Unique Identification Authority of India (UIDAI) on receipt of the demographic information and biometric information after verifying the information in such manner as may be specified in the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.

Explanation 1: In terms of the Aadhaar Act, every resident shall be eligible to obtain an Aadhaar number.

Explanation 2: Aadhaar will be the document for identity and address.

- b. "Act" and "Rules" means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto.
- c. "Authentication", as defined under sub-section (c) of section 2 of the Aadhaar Act, means the process by which the Aadhaar number along with demographic information or biometric information of an individual is submitted to the Central Identities Data Repository (CIDR) for its verification and such Repository verifies the correctness, or the lack thereof, on the basis of information available with it;
- d. **Beneficial Owner (BO):**

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

Explanation-

- ☐ "Controlling ownership interest" means ownership of/entitlement to more than 10 per cent of the shares or capital or profits of the Company.

- "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by their shareholding or management rights or shareholder's agreements or voting agreements.
- Where the customer is a partnership firm, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 10 per cent of capital or profits of the partnership or who exercises control through other means.

Explanation - For the purpose of this sub-clause, "control" shall include the right to control the management or policy decision.

- Where the customer is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 per cent of the property or capital or profits of the unincorporated association or body of individuals.

Explanation:

- Term 'body of individuals' includes societies. Where no natural person is identified under (a), (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.
- Where the customer is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.
- e. "Board" means Board of Directors of the Company.
- f. "Central Identities Data Repository" (CIDR), as defined in Section 2(h) of the Aadhaar Act, means a centralised database in one or more locations containing all Aadhaar numbers issued to Aadhaar number holders along with the corresponding demographic information and biometric information of such individuals and other information related thereto;
- g. "Central KYC Records Registry" (CKYCR) means an entity defined under Rule 2(1) (aa) of the Prevention of Money Laundering Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer;
- h. "Certified Copy" mean comparative 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 authorized officer of the company.
- i. "Company" means Satin Creditcare Network Limited
- j. "Demographic information", as defined in Section 2(k) of the Aadhaar Act, includes information relating to the name, date of birth, address and other relevant information of an individual, as may be specified by regulations for the purpose of issuing an Aadhaar number, but shall not include race, religion, caste, tribe, ethnicity, language, records of entitlement, income or medical history;
- k. "Designated Director" means Managing Director or a whole-time Director, duly authorized by the Board of Directors of the Company to ensure overall compliance with the obligations imposed under chapter IV of the Prevention of Money Laundering Act and the Rules;



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

- l. "Directors" mean individual Director or Directors on the Board of the Company.
- m. "Digital KYC" means capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the company.
- n. "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.
- o. "Enrolment number" means "Enrolment ID" as defined in Section 2(1)(j) of the Aadhaar (Enrolment and Update) Regulation, 2016 which means a 28-digit Enrolment Identification Number allocated to residents at the time of enrolment of Aadhaar.
- p. "Equivalent e-document" means an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to 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.
- q. 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 (43 of 1961).
- r. "Know Your Client (KYC) Identifier" means the unique number or code assigned to a customer by the Central KYC Records Registry.

"Non-profit organizations" (NPO) means any entity or organization that is registered and constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961) as a trust or a society under the Societies Registration Act, 1860 or any similar State legislation or a Company registered under Section 25 of the Companies Act, 1956 or applicable Section 8 of Companies Act, 2013.

- s. "Officially valid document" (OVD) means the following:
 - Passport,
 - Driving license,
 - Proof of possession of Aadhaar Number
 - Voter's Identity Card issued by the Election Commission of India,
 - Job card issued by NREGA duly signed by an officer of the State Government,
 - Letter issued by the National Popular Register containing details of name, address and Aadhaar number.

Where the OVD furnished by the customer does not have updated address, the customer shall submit such documents in the manner and within the timelines as may be specified in the KYC Master Directions in this regard.

"Provided also that where the client submits his proof of possession of Aadhaar number as an officially valid document, he may submit it in such form as are issued by the Unique Identification Authority of India;"

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

- t. "Person" has the same meaning assigned in the Act and includes:
 - an individual,
 - a Hindu undivided family,
 - a Company,
 - a firm,
 - an association of persons or a body of individuals, whether incorporated or not,
 - every artificial juridical person, not falling within any one of the above persons
 - any agency, office or branch owned or controlled by any of the above persons
- u. "Principal Officer" means an officer at the management level nominated by SCNL, responsible for furnishing information as per rule 8 of the Rules;
- v. "Suspicious transaction" means a "transaction" as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith:
 - 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
 - appears to be made in circumstances of unusual or unjustified complexity; or
 - appears to not have economic rationale or bona-fide purpose; or
 - 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.

- w. **A 'Small Account'** means a savings account that is opened in terms of sub-rule (5) of rule 9 of the PML Rules, 2005, and where:
 - the aggregate of all credits in a financial year does not exceed rupees one lakh;
 - the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand; and
 - the balance at any point of time does not exceed rupees fifty thousand.

Provided, that this limit on balance shall not be considered while making deposits through Government grants, welfare benefits and payment against procurements.

- x. "Transaction" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:
 - opening of an account;
 - deposit, 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;
 - the use of a safety deposit box or any other form of safe deposit;
 - entering into any fiduciary relationship;

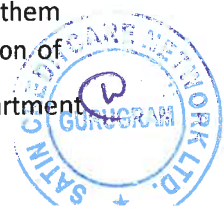
- any payment made or received, in whole or in part, for any contractual or other legal obligation; or
 - establishing or creating a legal person or legal arrangement.
- y. "Video based Customer Identification Process (V-CIP)" means an alternate method of customer identification by an authorized official of the company by undertaking seamless, secure, real-time, 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.
- z. "Yes/No authentication facility", as defined in Aadhaar (Authentication) Regulations, 2016, means a type of authentication facility in which the identity information and Aadhaar number securely submitted with the consent of the Aadhaar number holder through a requesting entity, is then matched against the data available in the CIDR, and the Authority responds with a digitally signed response containing "Yes" or "No", along with other technical details related to the authentication transaction, but no identity information.

Terms bearing meaning assigned above, unless the context otherwise requires, shall bear the meanings assigned to them below:

- (i) "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.
- (ii) "Correspondent banking" is the provision of banking services by one bank (the "correspondent bank") to another bank (the "respondent bank"). Respondent banks may be provided with a wide range of services, including cash management (e.g., interest-bearing accounts in a variety of currencies), international wire transfers, cheque clearing, payable-through accounts and foreign exchange services.
- (iii) "Customer" means a person who is engaged in a financial transaction or activity with a company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
- (iv) "Walk-in Customer" means a person who does not have an account-based relationship with the company but undertakes transactions with the Company.
- (v) "Customer Due Diligence (CDD)" means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification.
- (vi) "Customer identification" means undertaking the process of CDD.
- (vii) "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.
- (viii) "IGA" means Inter Governmental Agreement between the Governments of India and the USA to improve international tax compliance and to implement FATCA of the USA.
- (ix) "KYC Templates" means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.
- (x) "Non-face-to-face customers" means customers who open accounts without visiting the branch/offices of the Company or meeting the officials of the Company.

- (xi) "On-going Due Diligence" means regular monitoring of transactions in accounts to ensure that they are consistent with the customers, customers' business, risk profile and source of funds/wealth.
- (xii) Payable-through accounts" The term payable-through accounts refers to correspondent accounts that are used directly by third parties to transact business on their own behalf.
- (xiii) "Periodic Updation" means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant, particularly where there is high risk by undertaking reviews of existing records at periodicity prescribed by the Reserve Bank of India.
- (xiv) "Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States/Governments, senior politicians, senior government/judicial/military officers, senior executives of state owned corporations, important political party officials, etc.
- (xv) "Regulated Entities" (REs) means:
- all Scheduled Commercial Banks (SCBs)/ Regional Rural Banks (RRBs)/ Local Area Banks (LABs)/ All Primary (Urban) Co-operative Banks (UCBs)/State and Central Cooperative Banks (St CBs / CCBs) and any other entity which has been licensed under Section 22 of Banking Regulation Act, 1949, which as a group shall be referred as 'banks'
 - All India Financial Institutions (AIFIs)
 - All Non-Banking Finance Companies (NBFC)s, Miscellaneous Non-Banking Companies (MNBCs) and Residuary Non-Banking Companies (RNBCs).
 - Asset Reconstruction Companies (ARCs)
 - All Payment System Providers (PSPs)/ System Participants (SPs) and Prepaid Payment Instrument Issuers (PPI Issuers)
 - All authorized persons (APs) including those who are agents of Money Transfer Service Scheme (MTSS), regulated by the Regulator.
- (xvi) "Simplified procedure" means the procedure for undertaking customer due diligence in respect of customers, who are rated as low risk by the Company and who do not possess any of the six officially valid documents, with the alternate documents prescribed under the two provisos of Section 3(a)(vi) of this Directions.
- (xvii) "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 management located within a country. The existence simply of a local agent or low-level staff does not constitute physical presence.
- (xviii) "Wire transfer" means a transaction carried out, directly or through a chain of 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.
- (xix) "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.
- (xx) "The official of the company" : Most of the KYC verification functions will be carried out by 'the official of the company'. The official of the company in this reference are the employees of the company who is expected to perform such duty. This also include the employees of authorized vendor partner with whom the company has entered into an arrangement for such verification.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949 or the Reserve Bank of India Act, 1935, or the Prevention of Money Laundering Act, 1988.



Money Laundering Act, 2002 and Prevention of Money Laundering (Maintenance of Records) Rules, 2005, any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

4. a) Customer Acceptance Policy (CAP)

SCNL shall develop a clear Customer Acceptance Policy laying down explicit criteria for acceptance of customers. SCNL shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer desires to open another account or avail of any other product or service from SCNL, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned. The Customer Acceptance Policy must ensure that explicit guidelines are in place on the following aspects of customer relationship in SCNL.

(i) **No account is opened in anonymous or fictitious/ benami name(s); The onus to ensure this lies with the Regional Managers for their respective branches**

(ii) Parameters of risk perception are clearly defined in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc. to enable categorization of customers into low, medium and high risk; customers requiring very high level of monitoring, e.g. Politically Exposed Persons

(iii) SCNL will apply the CDD procedure at the customer level and will consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.

(iv) SCNL will take care of the documentation requirements and other information to be collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of PML Act, 2002 and guidelines issued by Reserve Bank of India from time to time;

(v) SCNL will not open an account or close an existing account where it is unable to apply appropriate customer due diligence measures i.e. it is unable to verify the identity and /or obtain documents required as per the risk categorization due to non-cooperation of the customer or non-reliability of the data/information furnished to SCNL. It may, however, be necessary to have suitable built in safeguards to avoid harassment of the customer. For example, decision to close an account may be taken at a reasonably high level after giving due notice to the customer explaining the reasons for such a decision. For example, decision to close an account may be taken at a reasonably high level (Principal Officer / Director) after giving due notice to the customer explaining the reasons for such a decision;

(vi) Circumstances, in which a customer is permitted to act on behalf of another person/entity, will be clearly spelt out in conformity with the established law and practices, as there could be occasions when an account is operated by a mandate holder or where an account may be opened by an intermediary in a fiduciary capacity, and

(vii) Necessary checks before opening a new account to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations, UN Security Council List of Prohibited clients. Further SCNL will ensure that the name of the proposed clients is not appearing in the consolidated list of individual and entities circulated by RBI for such purposes and also available at below link <http://www.un.org/sc/committees/1267/pdf/AQList.pdf>

(viii) Where Permanent Account Number (PAN) is obtained from the customer, the same should be verified from the verification facility of Income Tax Act.

(ix) Where an equivalent e-document is obtained from the customer, the accepting functionary shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).

Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority.

(x) 'Optional'/additional information, is obtained with the explicit consent of the customer after the account is opened.



(xi) The Company shall apply the CDD procedure at the Unique Customer Identification Code ("UCIC") level. Thus, if an existing KYC compliant customer of the Company desires to open another account with the Company, there shall be no need for a fresh CDD exercise.

(xii) CDD Procedure is followed for all the joint account holders, while opening a joint account.

(xiii) Suitable system shall 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 circulated by Reserve Bank of India.

Customer Acceptance Policy shall not result in denial of banking/financial/credit facility to members of the general public, especially those, who are financially or socially disadvantaged including the Persons with Disabilities (PwDs). No application for onboarding or periodic updation of KYC shall be rejected without application of mind. Reason(s) of rejection shall be duly recorded by the officer concerned..

Where RE 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.

b) Customer Identification Procedure ('CIP')

Set out below is SCNL's adopted Customer Identification Procedure that shall be carried out at different stages, i.e. while establishing a relationship; carrying out a financial transaction or when SCNL has a reason to doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data or while carrying out occasional transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations.

Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information. SCNL will obtain information stated below necessary to establish, to its satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship. Being satisfied means that SCNL must be able to satisfy the competent authorities like RBI that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place. Besides risk perception, the nature of information/documents required would also depend on the type of customer. For customers that are legal persons or entities, SCNL will:

a) Record of 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. For any customer diligence by a third party, SCNL shall comply with the requirements of KYC Master Directions.

(i) verify the legal status of the legal person/ entity through charter documents and Tax registration etc.

(ii) verify that any person purporting to act on behalf of the legal person/entity is so authorized and identify and verify the identity of that person through authentic documents and

(iii) Understand the ownership and control structure of the customer and determine who are the natural persons (Beneficial Owner) who ultimately control the legal person.

Customer identification requirements in respect of a few typical cases, especially, legal persons requiring an extra element of caution are given in Annexure-A.

Customer identification requirements in respect of an individual who is a prisoner in jail has also been added.

According to the regulatory norms, SCNL should take reasonable measures to identify the beneficial owner(s) and verify his/her/their identity in a manner so that it is satisfied that it knows' who the beneficial owner(s) is/are.

The onus of correct identification of customers lies with the Regional Manager in the hierarchy. Regional Managers are expected to sensitize the branch managers and CSOs properly about the KYC guidance issued from time to time.

SCNL should ensure that the identity of the customer, including beneficial owner is done based on disclosures by the customers and documentary evidences submitted alongwith.

An indicative list of the nature and type of documents/information that may be relied upon for customer identification are provided as Annexure-B.

Changes due to introduction of Video based Customer Identification Process (V-CIP)

The process of V-CIP has been specified wherein the company may undertake live V-CIP, to be carried out by an official of the company, for the establishment of an account-based relationship with an individual customer, after obtaining his informed consent and shall adhere to the following stipulations:

- i. The official of the Company/authorized person performing the V-CIP shall record video as well as capture photograph of the customer present for identification and obtain the identification information as below:
 - Banks: can use either OTP-based Aadhaar e-KYC authentication or Offline Verification of Aadhaar for identification. Further, services of Business Correspondents (BCs) may be used by banks for aiding the V-CIP.
 - Disruption of any sort including pausing of video, reconnecting calls, etc., should not result in the 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 a call drop/disconnection, a fresh session shall be initiated.
 - The company other than banks: can only carry out Offline Verification of Aadhaar for identification.
- ii. The company's official/authorized person shall capture a clear image of PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority.
- iii. The live location of the customer (Geotagging) shall be captured to ensure that the customer is physically present in India.
- iv. The official of the company/authorized person shall ensure that photograph of the customer in the Aadhaar/PAN details matches with the customer undertaking the V-CIP and the identification details in Aadhaar/PAN shall match with the details provided by the customer.
- v. The official of the company shall ensure that the sequence and/or type of questions during video interactions are varied in order to establish that the interactions are real time and not pre-recorded.
- vi. 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 days from the date of carrying out V-CIP.
- vii. All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit/scrutiny, to ensure the integrity of process.

viii. The company shall ensure that the process is a seamless, real-time, secured and the quality of the communication is adequate to allow identification of the customer beyond doubt. The Company shall carry out the liveness check in order to guard against spoofing and such other fraudulent manipulations. The liveness check shall not result in exclusion of person with special needs

ix. ix. The company shall carry out software and security audit and validation of the V-CIP application before rolling it out.

x. The V-CIP process shall be operated by officials specifically trained for this purpose. The activity log along with the credentials of the official performing the V-CIP shall be preserved.

xi. The company shall ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp.

xii. of the company shall use the latest available technology, including Artificial Intelligence (AI) and face matching technologies, to ensure the integrity of the process as well as the information furnished by the customer.

xiii. The company shall ensure to redact or blackout the Aadhaar number.

xiv. The official at the other end of V-CIP interaction should necessarily be a SCNL official. The Company shall maintain the details of the BC assisting the customer, where services of BCs are utilized. The ultimate responsibility for customer due diligence will be with the SCNL.

4.(C) Risk Management

The Board of Directors of SCNL ensures that an effective KYC program is in place and has established appropriate procedures and is overseeing its effective implementation. The program covers proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility has been explicitly allocated within SCNL to ensure that policies and procedures are implemented effectively.

SCNL's internal control and compliance functions have an important role in evaluating and ensuring adherence to the KYC policies and procedures. The compliance function will provide an independent evaluation of SCNL's policies and procedures, including legal and regulatory requirements. SCNL will ensure that its internal control systems and machinery is staffed adequately with individuals who are well-versed in such policies and procedures or hire the services of a reputed Company engaged in providing quality services in the said field. They will specifically check and verify the application of KYC procedures and comment on the lapses observed in this regard. The compliance in this regard will be put up before the Audit Committee of the Board at quarterly intervals.

SCNL have an ongoing (at regular intervals) employee training program so that members of the staff are adequately trained in KYC procedures. Training requirements will have different focuses for frontline staff, compliance staff and staff dealing with new customers.

Risk Categorization

SCNL will have a risk-based approach which includes the following.

a. Customers shall be categorized as low, medium and high-risk category, based on the assessment and risk perception

Risk categorization shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business, their location, geographical risk covering customers as well as transactions, type of products/services offered, delivery channel used for delivery of products/services, types of transaction undertaken – cash, cheque/monetary instruments, wire transfers, forex transactions etc. Provided that various other information collected from different

categories of customers relating to the perceived risk, is non-intrusive and the same is specified in the KYC policy

b. The risk categorization of a customer and the specific reasons for such categorization shall be kept confidential and shall not be revealed to the customer to avoid tipping off the customer.

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

Type of low risk customers- 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. Illustrative examples of low risk customers may include government departments and government owned companies, regulators and statutory bodies, etc. In such cases, the policy requires only the basic requirements of verifying the identity and location of the customer.

Type of medium or high-risk customers- Customers that are likely to pose a higher than average risk to SCNL may be categorized as medium or high risk depending on the customer's background, nature and location of activity, country of origin, sources of funds and his client profile, etc. SCNL will apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear. Examples of customers requiring higher due diligence may include:

- (i) Trusts, charities, NGOs and organizations receiving donations,
- (ii) Companies having close family shareholding or beneficial ownership,
- (iii) Firms with 'sleeping partners',
- (iv) Politically exposed persons (PEPs) of foreign origin,
- (v) Non-face to face customers, and
- (vi) Those with dubious reputation as per public information available, etc.

SCNL has formulated an indicative list of customers and their respective risk categories. Please find attached as Annexure-A.

Here it is pertinent to mention that owing to our unique JLG business model, generally SCNL customers belong to low-income group. Further, since SCNL is in business of lending small ticket loans to these individuals for any income generating activities repayable over 24 months, their risk category is 'Low' ordinarily.

4. (d) Monitoring of Transactions

Ongoing monitoring is an essential element of effective KYC procedures. SCNL can effectively control and reduce its risk only if it has an understanding of the normal and reasonable activity of the customer so that it can identify transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. Since SCNL may not have any deposit accounts, this situation will not arise, but SCNL shall pay special attention to depleting financial ratios, adequacy of collaterals etc. SCNL will put in place a system of **half-yearly** review of risk categorization of all outstanding accounts and the need for applying enhanced due diligence measures.

SCNL would continue to maintain proper record of all cash transactions of INR 10 Lacs and above and have in place centralised internal monitoring system at head office.

The following transactions would be considered as unusual transactions deserving special attention. Such transactions would be treated as Low Risk/Medium Risk/High Risk after review of the unusual transactions by the Principal Officer-PMLA.

- Repeated pre-termination of the loan accounts of size exceeding INR 10 lacs;
- Same client appearing in the Cash Transaction Report (CTR) more than 3 times during a span of 3 months;
- Total cash received from a client (JLG clients) in a financial year exceeding INR 20 Lacs.

SCNL is not empowered to seize any counterfeit currency. However, the following incidents of counterfeit currency at the cash counter would be recorded and repeated occurrence would be reported.

- Bulk counterfeit currency of more than 3 pieces at a time;
- Repeated event within a week by the person (customer/employees/vendor partner's employees)

Branch manager should immediately advise the incident to the RM and local authorities to be informed of the incidents. In severe cases, with the approval of Chief Business Officer at Head Office, FIRs may be lodged.

SCNL will ensure that record of transactions in the accounts is preserved and maintained as required in terms of section 12 of the PML Act, 2002 (Refer Point 8 for maintenance of records and Point 9 for preservation of records under the PML act) in a separate register at the corporate office of SCNL in electronic form and make it available to the regulatory and investigating authorities. It will also ensure that transactions of suspicious nature and/or any other type of transaction notified under section 12 of the PML Act, 2002, is reported to the appropriate law enforcement authority.

5. Designated Director:

The SCNL has nominated the following person as the "Designated Director" and the same has been duly communicated to FIU:

Designation	Chairman & Managing Director (Ex-Officio)
Address	Corporate Office: Plot No. 492, Udyog Vihar, Phase – III, Gurugram, Haryana – 122016, India
Contact details	Tel. No. : 0124-4715400 (8001) Email id : hpsingh2@satincreditcare.com

The SCNL has appointed the following "Principal Officer", who shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations and the same has been duly communicated to FIU:

Designation	General Manager – Risk
Address	Corporate Office: Plot No. 492, Udyog Vihar, Phase – III, Gurugram, Haryana – 122016, India
Contact details	Tel. No. : 0124-4715400 Ext : 5233 Email ID: anshuman.kamboj@satincreditcare.com Mob No.: 7011152672

6. Money Laundering and Terrorist Financing Risk:

- The Company shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise annually 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 should 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 from time to time.

(b) The risk assessment by the company shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the company. Further, the periodicity- by default 'Annually', of risk assessment exercise shall be determined by the Board of the company, in alignment with the outcome of the risk assessment exercise.

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

The Company shall apply a Risk Based Approach for mitigation and management of the identified risk and should have Board approved policies, controls and procedures in this regard. Further, the company shall monitor the implementation of the controls and enhance them if necessary.

7. Compliance of KYC Policy

- a. Senior Management for KYC compliance-
 - Mr. Anil Kwatra, Chief Business Officer- responsible for overseeing the KYC compliance
 - Regional Manager- responsible for ensuring that the KYC compliance is being met as per regulations prescribed and only KYC complied customers are on-boarded
- b. The Audit Committee shall be reported in the form of a note on a quarterly basis about the status of KYC compliance of all the borrowers of the Company in accordance with this policy.
- c. The internal auditors need to provide a quarterly update to the Audit committee on KYC compliance and the procedures to be followed.
- d. SCNL shall ensure that decision-making functions of determining compliance with KYC norms are not outsourced.

8. Customer Due Diligence Procedures ("CDD")

Procedure for obtaining Identification Information

For undertaking CDD, SCNL shall obtain the information from an individual while establishing an account-based relationship or while dealing with the individual who is a beneficial owner, authorised signatory or the power of attorney holder related to any legal entity.

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 as a single transaction or several transactions that appear to be connected, or any 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.

A detailed procedure to be followed by the Company is attached as Annexure-D.

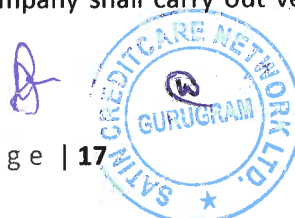
Part I - CDD Procedure in case of Individuals

a. SCNL shall apply the following procedure. for undertaking CDD, by the Company shall obtain the following from an individual while establishing an account-based relationship or while dealing with the individual who is a customer, authorised signatory or the power of attorney holder related to any legal entity:

- a) the Aadhaar number/Aadhaar Card where,
 - i. he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or
 - ii. he decides to submit his Aadhaar number voluntarily to the company, notified 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 an Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; and
 - (ac) the KYC Identifier with an explicit consent to download records from CKYCR; and
- b) the Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and
- c) 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:

Provided that where the customer has submitted,

- i) Aadhaar number under clause (a) above to the Company, the Company shall carry out authentication of the customer's Aadhaar number using e-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, he may give a self-declaration to that effect to the Company.
- ii) proof of possession of Aadhaar under clause (aa) above where offline verification can be carried out, the company shall carry out offline verification.
- iii) 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 Annex E.
- iv) 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 under Annex E.



- v) KYC Identifier under clause (ac) above, the company shall retrieve the KYC records online from the CKYCR in accordance with Section 56.

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

Provided further that in case e-KYC authentication cannot be performed for an individual desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 owing to injury, illness or infirmity on account of old age or otherwise, and similar causes, the Company shall, apart from obtaining the Aadhaar number, perform identification preferably by carrying out offline verification or alternatively by obtaining the certified copy of any other OVD or the equivalent e-document thereof from the customer. CDD done in this manner shall invariably be carried out by an official of the Company authorized by the Company to assist in the process, and such exception handling shall also be a part of the audit as mandated in Section 8 of the KYC Master Directions.

SCNL shall ensure to duly record the cases of exception handling in a centralised exception database. The database shall contain the details of grounds of granting exception, customer details, name of the designated official authorising the exception and additional details, if any. The database shall be subjected to periodic internal audit/inspection by the Company and shall be available for supervisory review.

Explanation 1: SCNL shall, where its customer submits a proof of possession of Aadhaar Number containing Aadhaar Number, ensure that such customer redacts or blacks out his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required as per proviso (i) above.

Explanation 2: Biometric based e-KYC authentication including Aadhaar Face Authentication can be done by Company officials/ business correspondents/business facilitators (if any).

Explanation 3: 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.

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

Explanation:

- b. CDD procedure, including the Aadhaar number where he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016), or a copy of any other officially valid document in other cases containing details of his identity and address, and one recent photograph; and such other documents including in respect of the nature of business and financial status of the client as may be required by the reporting entity, shall be carried out for all the joint account holders.

*Since, SCNL is a Non- Deposit accepting NBFC, therefore, it does not accept deposits.

- c. SCNL not being a bank is not liable to open a small deposit account as specified in the directions.



Simplified procedure for opening accounts by the Company: In case a person who desires to open an account is not able to produce identification information mentioned in this policy, SCNL may at its own discretion open accounts subject to the following conditions:

- (a) SCNL shall obtain a self-attested photograph from the customer.
- (b) The designated officer of SCNL shall certify under his signature that the person opening the account has affixed his signature or thumb impression in his presence.
- (c) The account shall remain operational initially for a period of twelve months, within which the customer has to furnish identification information as mentioned under Section 16 of the KYC Master Directions.
- (d) Credit balances in all their accounts taken together shall not exceed rupees fifty thousand at any point of time
- (e) the total credit in all the accounts taken together shall not exceed rupees one lakh in a year.
 - a. The customer shall be made aware that no further transactions will be permitted until the full KYC procedure is completed in case (d) and (e) are breached by him.
 - b. The customer shall be notified when the balance reaches rupees forty thousand or the total credit in a year reaches rupees eighty thousand that appropriate documents for conducting the KYC must be submitted otherwise the operations in the account shall be stopped when the total balance in all the accounts taken together exceeds the limits prescribed in (d) and (e) above.

KYC verification once done by one branch/office of SCNL shall be valid for transfer of the account to any other branch/office of SCNL, provided full KYC verification has already been done for the concerned account and the same is not due for periodic updation.

Part II - CDD Measures for Sole Proprietary Firms

For opening an account in the name of a sole proprietary firm, CDD of the individual (proprietor) shall be carried out.

- In addition to the above, any two of the following documents or the equivalent e-documents as a proof of business/ activity in the name of the proprietary firm shall also be obtained:
 - Registration certificate, Including Udyam Registration Certificate (URC) issued by the Government.
 - Certificate/license issued by the municipal authorities under Shop and Establishment Act.
 - Sales and income tax returns.
 - CST/VAT/GST certificate (provisional/final)
 - UDYOG Aadhaar No.
 - Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.
 - IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or License/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
 - Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities.



- Utility bills such as electricity, water, and landline telephone bills
- In cases where SCNL is satisfied that it is not possible to furnish two such documents, SCNL may, at their discretion, accept only one of those documents as proof of business/activity.
- Provided SCNL undertakes contact point verification and collect such other information and clarification as would be required to establish the existence of such firm and shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.

Part III- CDD Measures for Legal Entities

- For opening an account of a company, certified copy of each of the following documents or the equivalent e-documents thereof shall be obtained:
 - Certificate of incorporation.
 - Memorandum and Articles of Association.
 - Permanent Account Number of the company,
 - resolution from the Board of Directors and power of attorney granted to its managers, officers or employees, as the case may be, to transact on its behalf,
 - Documents as specified under Section 16 of the KYC Master Direction, 2016 relating to the beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf.
 - the names of the relevant persons holding senior management position; and
 - the registered office and the principal place of its business, if it is different.

For opening an account of a **partnership firm**, certified copy of each of the following documents or the equivalent e-documents thereof shall be obtained:

- Registration certificate
- Partnership deed.
- Permanent Account Number of the partnership firm; and
- Documents as specified under Section 16 of the KYC Master Direction, 2016 relating to the beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf."
- the names of all the partners and
- address of the registered office, and the principal place of its business, if it is different.

- For opening an account of a **trust**, certified copy of each of the following documents or the equivalent e-documents thereof shall be obtained:
 - Registration certificate.
 - Trust deed.
 - Permanent Account Number or Form No.60 of the trust; and
 - Documents as specified under Section 16 of the KYC Master Direction, 2016 relating to the beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf."



- the names of the beneficiaries, trustees, settlor and authors of the trust
- the address of the registered office of the trust; and
- list of trustees and documents, as specified in Section 16, for those discharging the role as trustee and authorized to transact on behalf of the trust.

If in case of a trust, the company shall ensure that trustees disclose their status at the time of commencement of an account-based relationship or when carrying out transactions as specified here under:

- Carrying out any international money transfer operations for a person who is not an account holder of the company.
- Carrying out transactions for a non-account-based customer, that is a account- based or 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.
- 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
- For opening an account of **an unincorporated association or a body of individuals**, one certified copy of each of the following documents or the equivalent e-documents thereof shall be obtained:
 - resolution of the managing body of such association or body of individuals; Permanent account number or Form No.60 of the unincorporated association or a body of individuals;
 - power of attorney granted to him to transact on its behalf;
 - Documents as specified under Section 16 relating to the beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf; and
 - such information as may be required by the reporting entity to collectively establish the existence of such association or body of individuals.

Explanation: Unregistered trusts/partnership firms shall be included under the term 'unincorporated association'.

Explanation: "body of individuals" includes societies

For opening accounts of juridical persons not specifically covered in the earlier part, such as societies, universities and local bodies like village panchayats, certified copies of the following documents or the equivalent e-documents thereof shall be obtained:

- a. Document showing name of the person authorized to act on behalf of the entity;
- b. Documents, of the person holding an attorney to transact on its behalf; and
- c. Such documents as may be required by SCNL to establish the legal existence of such an entity/juridical person.



Part IV - Identification of Beneficial Owner

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

- (a) Where the customer or the owner of the controlling interest is a company listed on a stock exchange or a subsidiary of such a company or listed entity or is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions. It is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.
- (b) 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 be obtained.

Part V - On-going Due Diligence

SCNL shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile; and the source of funds/wealth.

Without prejudice to the generality of factors that call for close monitoring following types of transactions shall necessarily be monitored:

- a) Large and complex transactions and those with unusual patterns, inconsistent with the normal and expected activity of the customer, which have no apparent economic rationale or legitimate purpose.
- b) Transactions which exceed the thresholds prescribed for specific categories of accounts.
- c) High account turnover inconsistent with the size of the balance maintained.
- d) Deposit of third-party cheques, drafts, etc. in the existing and newly opened accounts followed by cash withdrawals for large amounts.

For ongoing due diligence, company may consider adopting appropriate innovations including artificial intelligence and machine learning (AI & ML) technologies to support effective monitoring.

The extent of monitoring shall be aligned with the risk category of the customer as defined below:

High risk accounts have to be subjected to more intensified monitoring.

- (a) 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 done, refer Section 4.(d): Monitoring of Transactions for half-yearly periodic review.
- (b) The transactions in accounts of marketing firms, especially accounts of Multi-level Marketing (MLM) Companies, shall be closely monitored.

Explanation: High risk accounts have to be subjected to more intensified monitoring.

Explanation: Cases where a large number of cheque books are sought by the Company and/or multiple small deposits (generally in cash) across the country in one bank account and/or where a large number of cheques are issued bearing similar amounts/dates, shall be immediately reported to Reserve Bank of India and other appropriate authorities such as FIU-IND.



- **Updation / Periodic Updation and review:**

Updation / Periodic updation of KYC documents needs to be done for following type of customers from the date of opening of the account / last KYC updation:

- High risk- at least once in every two years
- Medium risk- once in every eight years
- Low risk- once in every ten years

The same shall be duly approved by the Board of Directors of the Company and / or any committee of the Board of Director of the Company to which such power has been delegated.

As per the following procedure:

- PAN verification
- Authentication, of Aadhaar Number already available with the SCNL with the explicit consent of the customer in applicable cases.
- In case identification information available with Aadhaar does not contain current address an OVD containing current address may be obtained.
- Certified copy of OVD containing identity and address shall be obtained at the time of updation / periodic updation from individuals not eligible to obtain Aadhaar, except from individuals who are categorized as 'low risk'. In case of low risk customers when there is no change in status with respect to their identities and addresses, a self-certification to that effect shall be obtained.
- In case of Legal entities, SCNL shall review the documents sought at the time of opening of account and obtain fresh certified copies.
- Physical presence of low risk customer at the time of updation / periodic updation shall not be insisted upon.
- The time limits prescribed above would apply from the date of opening of the account/ last verification of KYC.
- Aadhaar OTP-based e-KYC in non-face to face mode may be used for updation / periodic updation.

Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. Company will 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.

- Company will 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 of business relationship / account-based relationship and thereafter, as necessary. Customers will submit to the company the update of such documents within 30 days of the update to the documents for the purpose of updating the records at company' end.

Provided that the company shall ensure that the prescribed KYC documents are available with them.

Part VI - Enhanced and Simplified Due Diligence Procedure

A. Enhanced Due Diligence:

- **Accounts of non-face-to-face customers (other than Aadhaar OTP based on-boarding):**

Non-face-to-face onboarding facilitates the REs 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 REs for non-face-to-face customer onboarding (other than customer onboarding in terms of Section 17):

- a) In case SCNL 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.
- 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. SCNL 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, SCNL shall verify the current address 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) SCNL shall obtain PAN from the customer, wherever it is possible and the PAN shall be verified from the verification facility of the issuing authority.
- e) SCNL shall ensure that the first payment is to be affected through the customer's KYC complied account with another RE, for enhanced due diligence of non-face to face customers.
- f) Such customers shall be categorized as high-risk customers and accounts opened in 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.

- Accounts of Politically Exposed Persons (PEPs)

SCNL principally does not establish any business relationship with PEPs but it 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) have in place appropriate risk management systems to determine whether the customer or the beneficial owner is a PEP.
- (b) sufficient information including information about the sources of funds/wealth accounts of family members and close relatives is gathered on the PEP;
- (c) the identity of the person shall have been verified before accepting the PEP as a customer;
- (d) the decision to open an account for a PEP is taken at a senior level in accordance with SCNL's Customer Acceptance Policy;
- (e) all such accounts are subjected to enhanced monitoring on an on-going basis;
- (f) 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;
- (g) the CDD measures as applicable to PEPs including enhanced monitoring on an on-going basis are applicable

These instructions shall also be applicable to accounts where a PEP is the beneficial owner, their family members or close associates.

Explanation: For the purpose of this Section, "Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions **by a foreign country**, including the Heads

of States/Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials

Client accounts opened by professional intermediaries:

SCNL shall ensure while opening client accounts based on verification through professional intermediaries, that:

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

B. Simplified Due Diligence

Simplified norms for Self Help Groups (SHGs):

- (a) CDD of all the members of SHG as per the CDD procedure mentioned in Section 16 of the KYC Master Direction shall not be required while opening the savings bank account of the SHG
- (b) CDD as per the CDD procedure mentioned in Section 16 of the KYC Master Direction of all the office bearers shall suffice.
- (c) No separate CDD as per the CDD procedure mentioned in Section 16 of the KYC Master Direction of the members or office bearers shall be necessary at the time of credit linking of SHGs.

Simplified KYC norms for Foreign Portfolio Investors (FPIs)

Accounts of FPIs which are eligible/ registered as per SEBI guidelines, for the purpose of investment under Portfolio Investment Scheme (PIS), shall be opened by accepting KYC documents as detailed in Annex E, subject to Income Tax (FATCA/CRS) Rules.

Provided that it shall obtain undertaking from FPIs or the Global Custodian acting on behalf of the FPI that as and when required, the exempted documents as detailed in Annexure C will be submitted.

9. Record Management

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



SCNL shall,

- maintain all necessary records of transactions between SCNL and the customer, both domestic and international, **for at least five years from the date of transaction;**
- preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during business relationship, for at least five years after the business relationship is ended;
- make available swiftly the identification records and transaction data to the competent authorities upon request;
- introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);
- maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including 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.
 - e. evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;
 - f. maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

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.

- SCNL will ensure that in case of customers who are non-profit organisations, the details of such customers are registered on the DARPAN Portal of NITI Aayog. If the same are not registered, SCNL will register the details on the DARPAN Portal. SCNL will also maintain such registration records for a period of five years after the business relationship between the customer and the SCNL has ended or the account has been closed, whichever is later.

10. Reporting Requirements to Financial Intelligence Unit - India

- SCNL shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), information referred to in Rule 3 of the PML (Maintenance of Records) Rules, 2005 in terms of Rule 7 thereof.

Explanation: In terms of Third Amendment Rules notified September 22, 2015 regarding amendment to sub rule 3 and 4 of rule 7, Director, FIU-IND shall have powers to issue guidelines to SCNL for detecting transactions referred to in various clauses of sub-rule (1) of rule 3, to direct them about the form of furnishing information and to specify the procedure and the manner of furnishing information.

- The reporting formats and comprehensive reporting format guide prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of the prescribed report shall be taken note of. The editable electronic utilities/PDF available on <https://fiuindia.gov.in/files/Downloads/Downloads.html> to file electronic Cash Transaction



Reports (CTR) / Suspicious Transaction Reports (STR)/Fake Currency Reports which FIU-IND has placed on its website shall be made use of by REs which are yet to install/adopt suitable technological tools for extracting CTR/STR from their live transaction data. The Principal Officers of SCNL, whose all branches are not fully computerized, shall have suitable arrangement to cull out the transaction details from branches which are not yet computerized and to feed the data into an electronic file with the help of the editable electronic utilities of CTR/STR as have been made available by FIUIND on its website <http://fiuindia.gov.in>.

- While furnishing information to the Director, FIU-IND, delay of each day in not reporting a transaction or delay of each day in rectifying a misrepresented transaction beyond the time limit as specified in the Rule shall be constituted as a separate violation. SCNL shall not put any restriction on operations in the accounts where an STR has been filed. SCNL shall keep the fact of furnishing of STR strictly confidential. It shall be ensured that there is no tipping off to the customer at any level.
- However, Robust software, throwing alerts when the transactions are inconsistent with risk categorization and updated profile of the customers shall be put in to use as a part of effective identification and reporting of suspicious transactions.
- SCNL, its directors, officers, and all employees shall ensure that the fact of maintenance of 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 Master Direction of KYC of any analysis of transactions and activities which appear unusual, if any such analysis has been done

11. Requirements/obligations under International Agreements Communications from International Agencies

Obligations under the Unlawful Activities (Prevention) (UAPA) Act, 1967:

- SCNL shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967, 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 <https://scsanctions.un.org/n38b5en-al-qaida.html>
- ii. The “1988 Sanctions List”, consisting of individuals (Section A of the consolidated list) and entities (Section B) associated with the Taliban which is available at <https://scsanctions.un.org/o3q4ben-taliban.html>

SCNL will also ensure to refer to the lists as available in the Schedules to the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as amended from time to time. The aforementioned lists, i.e., UNSC Sanction List and list as available in the Schedule to the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as amended from time to time, shall be verified on daily basis and any modifications to the lists in terms of additions, deletions or other changes shall be taken into account by the SCNL for meticulous compliance.



- Details of accounts resembling any of the individuals/entities in the lists shall be reported to FIU-IND apart from advising Ministry of Home Affairs as required under UAPA notification dated February 2, 2021 (as mentioned under Annex II of the Master Direction.)
- In addition to the above, other UNSCRs circulated by the Reserve Bank of India in respect of any other jurisdictions/ entities from time to time shall also be taken note of
- Freezing of Assets under Section 51A of Unlawful Activities (Prevention) Act, 1967 The procedure laid down in the UAPA Order dated February 2, 2021 (as mentioned under Annex II of the Master Direction) shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured.
- **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 available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered. Risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statement shall be taken into account.
 - (b) SCNL shall apply enhanced due diligence measures, which are effective and proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.
 - (c) 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 of the KYC Master Direction do not preclude SCNL from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statement.
 - (d) 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 not or 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 of India/other relevant authorities, on request.

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

- a) SCNL will 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 January 30, 2023, by the Ministry of Finance, Government of India (Annex III of the Master Direction of KYC).
- (b) In accordance with paragraph 3 of the aforementioned Order, SCNL will ensure not to carry out transactions in case the particulars of the individual / entity match with the particulars in the designated list.
- (c) Further, SCNL will 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 are holding any funds, financial asset, etc., in the form of bank account, etc.
- (d) In case of match in the above cases, SCNL will immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer (CNO), Private & Confidential



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. SCNL will file an STR with FIU-IND covering all transactions in the accounts, covered above, carried through or attempted.

It may be noted that in terms of Paragraph 1 of the Order, Director, FIU-India has been designated as the CNO.

(e) SCNL may refer to the designated list, as amended from time to time, available on the portal of FIU-India.

(f) In case there are reasons to believe beyond doubt that funds or assets held by a customer would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A of the WMD Act, 2005, SCNL will 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, REs shall, without delay, take necessary action to comply with the Order.

(h) The process of unfreezing of funds, etc., the company 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 the 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.

Company will verify every day, the 'UNSCR 1718 Sanctions List of Designated Individuals and Entities', as available at <https://www.mea.gov.in/Implementation-of-UNSC-Sanctions-DPRK.htm>, 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's Republic of Korea Order, 2017', as amended from time to time by the Central Government.

In addition to the above, company will take into account – (a) other UNSCRs and (b) lists in the first 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 for Customer Due Diligence.

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.

Appointment and communication details of the UAPA Nodal Officers:

The Joint Secretary (CTCR), Ministry of Home Affairs would be the Central [designated] Nodal Officer for the UAPA [Telephone Number: 011-23093124, 011-230923465 (Fax), email address: jsctcr-mha@gov.in].

SCNL also scrutiny the banned list of entities and countries issued by EU/OFAC and some member Countries of EU, if advised. Kindly refer chapter 13 for more details and implementation.

Addition

12. Other Instructions

A. Secrecy Obligations and Sharing of Information:

- (a) SCNL shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the Company and customer.



(b) While considering the requests for data/information from Government and other agencies; the Company shall 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 the banking transactions.

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

- Where disclosure is under compulsion of law,
- ii. Where there is a duty to the public to disclose,
- iii. the interest of the company requires disclosure and
- iv. Where the disclosure is made with the express or implied consent of the customer.

(d) SCNL shall maintain confidentiality of information as provided in Section 45NB of RBI Act 1934.

B. CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)

SCNL shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as required by the revised KYC templates prepared for 'individuals' and 'Legal Entities' as the case may be. 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 CKYCR vide Gazette Notification No. S.O. 3183(E) dated November 26, 2015. The 'live run' of the CKYCR has started with effect from July 15, 2016 in phased manner beginning with new 'individual accounts'.

- a. SCNL Shall take all steps required to comply with the implementation of CKYC with the respective authority.
- b. Also, whenever the company obtains additional or updated information from any customer as per clause (j) below in this paragraph or Rule 9 (1C) of the PML Rules, the company shall within seven days or within such period as may be notified by the Central Government, furnish the updated information to CKYCR, which shall update the KYC records of the existing customer in CKYCR. CKYCR shall thereafter inform electronically all the reporting entities who have dealt with the concerned customer regarding updation of KYC record of the said customer. Once CKYCR informs a company regarding an update in the KYC record of an existing customer, the company shall retrieve the updated KYC records from CKYCR and update the KYC record maintained by the company.
- c. For the purpose of establishing an account-based relationship, updation / periodic updation or for verification of identity of a customer, the company shall seek the KYC Identifier from the customer or retrieve the KYC Identifier, if available, from the CKYCR and proceed to obtain KYC records online by using such KYC Identifier and shall not require a customer to submit the same KYC records or information or any other additional identification documents or details, unless—
 - i. there is a change in the information of the customer as existing in the records of CKYCR; or
 - ii. the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms; or
 - iii. the validity period of downloaded documents has lapsed; or
- d. the company considers it necessary in order to verify the identity or address (including current address) of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the customer.

C. Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)

Under FATCA and CRS, SCNL being a Reporting Financial Institution as defined in Income Tax Rule 114F, 114G and 114H and if so, shall take following steps for complying with the reporting requirements:

- (a) Register on the related e-filing portal of Income Tax Department as Reporting Financial Institutions at the link <https://incometaxindiaefiling.gov.in/> post login -> My Account --> Register as Reporting Financial Institution,
- (b) Submit online reports by using the digital signature of the 'Designated Director' by either uploading the Form 61B or 'NIL' report, for which, the schema prepared by Central Board of Direct Taxes (CBDT) shall be referred to.
- (c) Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H.
- (d) Develop a system of audit for the IT framework and compliance with Rules 114F, 114G and 114H of Income Tax Rules.

D. Period for presenting payment instruments

Payment of cheques /drafts/pay orders/ banker's cheques, if they are presented beyond the period of three months from the date of such instruments, shall not be made.

E. Collection of Account Payee Cheques

Account payee cheques for any person other than the payee constituent shall not be collected.

A Unique Customer Identification Number shall be allotted while entering into new relationships with individual customers as also the existing customers by SCNL

- (a) SCNL shall, at their option, not issue Unique number to all walk-in/occasional customers such as buyers of pre-paid instruments/purchasers of 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 Unique customer number.

F. Introduction of New Technologies

Adequate attention shall be paid by SCNL to any money-laundering and financing of terrorism threats that may arise from new or developing technologies and it shall be ensured that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies.

Company will identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products.

Further, company will also ensure:

(a) to undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and

(b) adoption of a risk-based approach to manage and mitigate the risks through appropriate EDD measures and transaction monitoring, etc.

G. Issue and Payment of Demand Drafts, etc.,

Any remittance of funds by way of demand draft, mail/telegraphic transfer/NEFT/IMPS or any other mode and issue of travellers' cheques for value of rupees fifty thousand and above shall be effected by debit to the customer's account or against cheques and not against cash payment.



Further the name of the purchaser shall be incorporated on the face of the demand draft,, pay order, bankers cheque etc, by the issuing bank. These instructions shall take effect for such instruments issued on or after September 15, 2018.

H. Quoting of PAN

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

I. Hiring of Employees and Employee training

- (a) Adequate screening mechanism including Know Your Employee / Staff policy, as an integral part of their personnel recruitment/hiring process shall be put in place.
 - (b) SCNL shall endeavour to ensure that the staff dealing with/being deployed for KYC/AML/CFT matters 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. REs shall also strive to develop an environment which fosters open communication and high integrity amongst the staff.
 - (c) On-going employee training programme shall be put in place so that the members of staff are adequately trained in AML/CFT policy. The focus of the training shall be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff shall be specially trained to handle issues arising from lack of customer education. Proper staffing of the audit function with persons adequately trained and well-versed in AML/CFT policies of the Company, regulation and related issues shall be ensured. Please find attached training manual to be implemented by the company for KYC and AML training as Annexure C
- Adherence to Know Your Customer (KYC) guidelines by NBFCs/RNBCs and persons authorised by NBFCs/RNBCs including brokers/agents etc.
- (a) Persons authorised by SCNL for collecting the deposits and their brokers/agents or the like, shall be fully compliant with the KYC guidelines applicable to SCNL;
 - (b) All information shall be made available to the Reserve Bank of India to verify the compliance with the KYC guidelines and accept full consequences of any violation by the persons authorised by SCNL including brokers/agents etc. who are operating on their behalf.
 - (c) The books of accounts of persons authorised by SCNL including brokers/agents or the like, so far as they relate to brokerage functions of the Company, shall be made available for audit and inspection whenever required.

J Compliance with the provisions of Foreign Contribution (Regulation) Act, 2010

Company shall ensure adherence to the provisions of Foreign Contribution (Regulation) Act, 2010 and Rules made thereunder. Further, Company shall also ensure meticulous compliance with any instructions / communications on the matter issued from time to time by the Reserve Bank based on advice received from the Ministry of Home Affairs, Government of India.

K Amendments

This Know Your Customer and Anti Money Laundering policy of the Company (the "KYC AML Policy") shall be governed by and shall be subject to the regulations, rules, directions or guidelines, laws issued by the Reserve Bank of India, the Government of India or any other regulatory authorities, under applicable law in respect of KYC and AML norms including but not limited to the Acts and Rules

(collectively the “**Applicable Regulations**”) and the KYC AML Policy shall be subject to any changes issued by any of the aforesaid authorities to their respective Applicable Regulations, from time to time. Notwithstanding anything to the contrary contained in this KYC AML Policy, for the avoidance of doubt, it is hereby clarified that the requirements of the Applicable Regulations including any regulatory amendments, modifications, revisions or additions in relation to such Applicable Regulations, to the extent that they apply to SCNL, shall have the effect of suo moto amendment of this KYC AML policy and shall be deemed to *mutatis mutandis* be a part of this KYC AML Policy.

M Correspondent Banking

The nature of business SCNL is engaging with the lending in Joint Liability Group (JLG) and MSME based, where correspondent banking is not applicable.

N Shall Banks

SCNL shall not entered into any relationship with the shell banks.

O Wire Transfer

The nature of business SCNL is engaging with the lending in Joint Liability Group (JLG) and MSME based, where Wire Transfer is not applicable.

P Operation of Bank Accounts & Money Mules

Monitoring of accounts and transactions shall be strictly adhered to, in order to minimize the operations of “Money Mules” which are used to launder the proceeds of fraud schemes (e.g., phishing and identity theft) by criminals who gain illegal access to deposit accounts by recruiting third parties, which act as “money mules”.

The nature of business SCNL engaging with the lending in Joint Liability Group (JLG) & MSME based, hence does not allow such activities.

13. EU and Other Countries Sanction List

Consolidated list of persons, groups and entities subject to EU financial sanctions/OFAC sanction list (attached)/ The Anti-Money Laundering and Anti-Terrorist Financing Act (Wet ter voorkoming van witwassen en financieren van terrorisme – Wwft) (implementation of AMLD5)

Economic sanctions are an essential part of the EU’s Common Foreign and Security Policy (CFSP) and are employed as part of the international effort to combat money laundering, terrorism financing and other financial crimes.

The EU Sanctions List is a consolidated list of countries, entities, and individuals, engaged in or suspected of money laundering or terrorism financing activities – and therefore subject to economic sanctions by the European Union. EU Sanctions are linked to United Nations Security Council Resolutions but the EU imposes its own autonomous sanctions – against Russia and Iran, for example – in line with its foreign policy objectives. EU sanctions may involve:

- Financial asset freezes
- Restrictions of market access, trade, investment, or technical assistance
- Arms embargoes
- Travel bans



Sanctions imposed by the EU apply to financial institutions and individuals within the territory or jurisdiction of the European Union. Sanctions also apply to EU citizens operating outside EU territory.

To ensure compliance, we have integrated an EU sanctions search as part of SCNL AML/CFT program when onboarding new customers. Our scrutiny of the sanction list will be enforced centrally at System level to ensure that none of these entities /beneficial owner can be onboarded. The list is attached for reference.

The list of high-risk third countries

SCNL adopts European Commission 's list of the following jurisdictions are identified as having strategic deficiencies in their AML/CFT regimes:

High-risk third country	Date of entry into force
Afghanistan	23 September 2016
Barbados	1 October 2020
Burkina Faso	13 March 2022
Cameroon	18 October 2023
Democratic Republic of the Congo	16 March 2023
Gibraltar	16 March 2023
Haiti	13 March 2022
Iran	23 September 2016
Jamaica	1 October 2020
Mali	13 March 2022
Mozambique	16 March 2023
Myanmar	1 October 2020
Nigeria	16 July 2023
North Korea	23 September 2016
Panama	1 October 2020
Philippines	13 March 2022
Senegal	13 March 2022
South Africa	16 July 2023
South Sudan	13 March 2022
Syria	23 September 2016



High-risk third country	Date of entry into force
Tanzania	16 March 2023
Trinidad and Tobago	6 March 2018
Uganda	23 September 2016
United Arab Emirates	16 March 2023
Vanuatu	23 September 2016
Vietnam	18 October 2023
Yemen	23 September 2016

- List also available at below link https://finance.ec.europa.eu/financial-crime/anti-money-laundering-and-counteracting-financing-terrorism-international-level_en

SCNL has since no foreign exposure, the list has limited use in our operations. However, as a precautionary measure we shall check the list from the beneficial owner and connected parties of the Wholesale funding.

Further SCNL will not lend to any national/beneficiary owner of the following 45 listed countries (OFAC):

Sl no	Country	Remarks	Agencies
1	Afghanistan	Restrictive measures imposed with respect to the Taliban	UN
2	Belarus	Restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine	EU
3	Bosnia & Herzegovina	Restrictive measures in view of the situation in Bosnia and Herzegovina	EU
4	Burundi	Restrictive measures in view of the situation in Burundi	EU
5	China	Specific restrictive measures in relation to the events at the Tiananmen Square protests of 1989	EU
6	Democratic People's Republic of Korea (DPRK – North Korea)	Restrictive measures in relation to the non-proliferation of the weapons of mass destruction (WMD)	UN and EU
7	Democratic Republic of the Congo	Restrictive measures in view of the situation in the Democratic Republic of the Congo	UN and EU
8	Guatemala	Restrictive measures in view of the situation in Guatemala	EU
9	Guinea	Restrictive measures in view of the situation in Guinea	EU
10	Guinea-Bissau	Restrictive measures in view of the situation in Guinea-Bissau	UN and EU
11	Haiti	Prohibiting the satisfying of certain claims by the Haitian authorities	EU



Sl no	Country	Remarks	Agencies
12	Haiti	Restrictive measures in view of the situation in Haiti	UN and EU
13	Iran	Restrictive measures in relation to serious human rights violations in Iran (HR)	EU
14	Iran	Restrictive measures in relation to the non-proliferation of weapons of mass destruction (WMD)	UN and EU
15	Iran	Restrictive measures in view of Iran's military support of Russia's war of aggression against Ukraine	EU
16	Iraq	Restrictive measures on Iraq	UN
17	Lebanon	Restrictive measures in view of the situation in Lebanon	EU
18	Lebanon	Restrictive measures in relation to the 14 February 2005 terrorist bombing in Beirut, Lebanon	UN
19	Lebanon	Restrictive measures in relation to the UN Security Council Resolution 1701 (2006) on Lebanon	UN
20	Libya	Restrictive measures in view of the situation in Libya	UN and EU
21	Libya	Prohibiting the satisfying of certain claims in relation to transactions that have been prohibited by the UN Security Council Resolution 883 (1993) and related resolutions	EU
22	Mali	Restrictive measures in view of the situation in Mali	EU
23	Moldova	Restrictive measures in relation to the campaign against Latinscript schools in the Transnistrian region	EU
24	Moldova	Restrictive measures in view of actions destabilising the Republic of Moldova	EU
25	Montenegro	Prohibiting the satisfying of certain claims in relation to transactions that have been prohibited by the UN Security Council Resolution 757(1992) and related resolutions	UN and EU
26	Myanmar (Burma)	Restrictive measures in view of the situation in Myanmar/Burma	EU
27	Nicaragua	Restrictive measures in view of the situation in Nicaragua	EU
28	Niger	Restrictive measures in view of the situation in Niger	EU
29	Russia	Restrictive measures in view of Russia's actions destabilising the situation in Ukraine (sectoral restrictive measures)	EU
30	Serbia	Prohibiting the satisfying of certain claims in relation to transactions that have been prohibited by the UN Security Council Resolution 757(1992) and related resolutions	UN and EU
31	Somalia	Restrictive measures against Somalia	UN
32	Sudan	Restrictive measures in view of activities undermining the stability and the political transition of Sudan	EU



Sl no	Country	Remarks	Agencies
33	Sudan	Restrictive measures in view of the situation in Sudan	UN and EU
34	Syria	Restrictive measures in relation to the 14 February 2005 terrorist bombing in Beirut, Lebanon	UN
35	Syria	Restrictive measures against Syria	EU
36	Tunisia	Misappropriation of state funds of Tunisia (MSF)	EU
37	Turkey	Restrictive measures in view of Turkey's unauthorised drilling activities in the Eastern Mediterranean	EU
38	Ukraine	Restrictive measures in response to the illegal annexation of Crimea and Sevastopol (Crimea)	EU
39	Ukraine	Restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine (Territorial integrity)	EU
40	Ukraine	Restrictive measures in response to the illegal recognition, occupation or annexation by the Russian Federation of certain non-government-controlled areas of Ukraine	EU
41	Ukraine	Misappropriation of state funds of Ukraine (MSF)	EU
42	United States	Measures protecting against the effects of the extra-territorial application of certain legislation adopted by the US	EU
43	Venezuela	Restrictive measures in view of the situation in Venezuela	EU
44	Yemen	Restrictive measures in view of the situation in Yemen	UN
45	Zimbabwe	Restrictive measures in view of the situation in Zimbabwe	EU

Enclosures/Web links:

- i. data.europa.eu
- ii. sanctionlist.ofac.treas.gov/Home/sdnList
- iii. dnb.nl

KYC Risk Categorization:

Product	Constitution	Risk	Threshold Limit	Turnover
JLG	Individual	Low	Up to 50, 000	NA
	Individual/Retailer/Proprietor /Sole Proprietor (SP)	Low	<=50 Lacs	<=5 Cr
	Individual/Retailer/Proprietor	Medium	>50 Lacs to <=1 Cr	>5cr to <=10 Cr



/Sole Proprietor (SP)			
Individual/Retailer/Proprietor /Sole Proprietor (SP)	High	> 1 Cr	Above 10 Cr
Partnership	Low	<=50 Lacs	<=5 Cr
Partnership	Medium	>50 Lacs to <=1 Cr	>5cr to <=10 Cr
Partnership	High	> 1 Cr	Above 10 Cr
Pvt. Ltd (Private Limited)	Low	<=5 Cr	<=10 Cr
Pvt. Ltd (Private Limited)	Medium	>5 Cr to <=10 Cr	>10 Cr to <=50 Cr
Pvt. Ltd (Private Limited)	High	> 10 Cr	Above 50 Cr
NRI Holding	High	15%	<u>The risk Category would be "High", in any case. Each transaction, irrespective of amount will be report to Risk Team.</u>
Trust	High	Nil	
Charity	High	Nil	
NGO	High		
PEP (In a Foreign Country)	High Risk	**With the Approval of Senior Management (No Threshold Limit)	

Monitoring Transactions and Review:

Report generation:

- All Cash Transactions of INR 10 Lacs and above. (Daily)
- Repeated (more than twice in a quarter) pre-termination of the loan accounts of size exceeding INR 10 lacs (On monthly Basis)
- Total cash received from a client (JLG clients) in a financial year exceeding INR 20,000.

The verification of transactions and reporting the transactions to Senior Management/ ERM/RCB /FIU/Govt Officials as and when required as per Timelines mentioned in the policy.



Annexure A: Indicative Risk Categorization of customers

Indicative list for risk categorization		
High Risk	Medium Risk	Low Risk
<ol style="list-style-type: none"> 1. Individuals and entities in various United Nations' Security Council Resolutions (UNSCRs) such as UN 1267 etc.; 2. Individuals or entities listed in the schedule to the order under section 51A of the Unlawful Activities (Prevention) Act, 1967 relating to the purposes of prevention of, and for coping with terrorist activities; 3. Individuals and entities in watch lists issued by Interpol and other similar international organizations; 4. Customers with dubious reputation as per public information available or commercially available watch lists; 5. Individuals and entities specifically identified by regulators, FIU and other competent authorities as high-risk; 6. Customers conducting their business relationship or transactions in unusual circumstances, such as significant and unexplained geographic distance between the institution and the location of the customer, frequent and unexplained movement of accounts to different institutions, etc.; 7. Politically exposed persons (PEPs), customers who are close relatives of PEPs and accounts of which a PEP is the ultimate beneficial owner; 8. Non-face-to-face customers; 9. High net worth individuals; 10. Firms with 'sleeping partners'; 11. Companies having close family shareholding or beneficial ownership; 12. Complex business ownership structures, which can make it easier to conceal underlying beneficiaries, where there is no legitimate commercial rationale; 13. Shell companies which have no physical presence in branch locations. The existence simply of a local agent or low-level staff does not constitute physical presence; 14. Accounts for "gatekeepers" such as accountants, lawyers, or other professionals for their clients where the identity of the underlying client is not disclosed to the Company; 	<ol style="list-style-type: none"> 1. Gas Station 2. Car / Boat / Plane Dealership 3. Travel agency 4. Used car sales 5. Telemarketers 6. Providers of telecommunication s service, internet café, IDD call service, phone cards, phone centre 7. Dot-com company or internet business 8. Pawnshops 9. Auctioneers 10. Regional Rural Banks 11. Cooperative Society 12. Cash-intensive Business such as restaurants, retail shops, parking garages, fast food stores, movie theatres, etc. 13. Sole Practitioners or Law Firms (small , little known) 14. Venture capital companies 15. Blind 16. Purdanashin. 17. Corporate Body 18. Joint Sector 19. Private Bank 20. Private Limited Company 21. Unregistered body 	<ol style="list-style-type: none"> 1. Cooperative Bank 2. Ex-staff, Govt./ Semi Govt. Employees 3. Illiterate 4. Electronics (wholesale) 5. Individual 6. Local Authority 7. Others Bank 8. Pensioner 9. Public Ltd. 10. Public Sector 11. Public Sector Bank 12. Staff 13. Govt./Semi-Govt. Local Body 14. Senior Citizens 15. Self Help Groups 16. Notaries (small , little known) 17. Secretarial Firms (small, little known) 18. Accountants (small, little known firms) 19. Registered Body 20. Partnership 21. Proprietorship 22. All other customers (other than High and Medium Risk category) whose identities and sources of wealth can be easily identified and by and large conform to the known customer profile, may be categorized as low risk. In such cases, only the basic requirements of verifying the identity and location of the customer are to be met.



Indicative list for risk categorization		
High Risk	Medium Risk	Low Risk
15. Client Accounts managed by professional service providers such as law firms, accountants, agents, brokers, fund managers, trustees, custodians etc.; 16. Trusts, charities, NGOs/ unregulated clubs and organizations receiving donations; 17. Gambling/gaming including "Junket Operators" arranging gambling tours; 18. Jewelers and Bullion Dealers; 19. Dealers in high value or precious goods (e.g. gem and precious metals dealers, art and antique dealers and auction houses, estate agents and real estate brokers); 20. Customers engaged in a business which is associated with higher levels of corruption (e.g., arms manufacturers, dealers and intermediaries); 21. Customers engaged in industries that might relate to nuclear proliferation activities or explosives; 22. Customers that may appear to be Multi-level marketing companies etc; 23. Individual who is a prisoner in jail.		

Annexure B : Documents required for KYC

Features	Documents
Accounts of individuals	(i) Passport (ii) Voter's Identity Card (iii) Driving license
Legal name and any other names used	(i) Aadhaar Number/card (ii) Job card issued by NREGA duly signed by an officer of the State Government
- Correct permanent address	For Address: (iii) Telephone bill (vi) Bank account statement (vii) (iv) Letter from any recognized public authority (v) Electricity bill (vi) Ration card (vii) Letter from employer (subject to satisfaction of SCNL) (viii) Passport (viii) Voter's Identity Card (ix) Driving license (x) Aadhaar Number/card (any one document which provides customer information to the satisfaction of SCNL will suffice) (xi) Such other documents as may be mentioned under clause 8 of this KYC policy



Accounts of companies - Name of the Company - Principal place of business - Mailing address of the Company - Telephone/Fax Number	(i) Certificate of incorporation and Memorandum & Articles of Association (ii) Permanent Account Number of the company (i) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account (ii) one copy of an officially valid document containing details of identity and address, one recent photograph and Permanent Account Numbers or Form No.60 of the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf (iii) Certificate of Incorporation (iv) Such other documents as may be mentioned under clause 8 of this KYC policy
Accounts of partnership firms - Legal name - Address - Names of all partners and their addresses - Telephone numbers of the firm and partners	(i) Registration certificate, if registered (ii) Partnership deed (iii) Permanent Account Number of the partnership firm; and (iv) one copy of an officially valid document containing details of identity and address, one recent photograph and Permanent Account Number or Form No.60 of the person holding an attorney to transact on its behalf; ; (v) Telephone bill in the name of firm / partners (optional) (vi) Any other prescribed equivalent e-documents (vii) Utility bills such as electricity, water, and landline telephone bills in the name of the company (viii) Such other documents as may be mentioned under clause 8 of this KYC policy
Accounts of trusts & foundations Names of trustees, settlers, beneficiaries and signatories	(i) Certificate of registration, if registered (ii) Power of Attorney granted to transact business on its behalf (iii) KYC of all the trustees, settlers, beneficiaries owners and signatories (iv) Names and addresses of the founder, the managers / directors and the beneficiaries (v) Permanent Account Number or Form No.60 of the trust; and - Telephone / fax numbers (vi) one copy of an officially valid document containing details of identity and address, one recent photograph and Permanent Account Number or Form No.60 of the person holding an attorney to transact on its behalf (vii) Utility bills such as electricity, water, and landline telephone bills in the name of the company (viii) Such other documents as may be mentioned under clause 8 of this KYC policy
Accounts of Proprietary Concerns Name, Address and Activity of Proof of the name, address and activity of the concern	(i) Registration the Proprietary Concern. (ii) certificate (in the case of a registered concern), (iii) certificate/license issued by the Municipal authorities under Shop & Establishment Act, sales and income tax returns, (iv) GST certificate, certificate/ registration document issued by Sales Tax / Service Tax / Professional Tax authorities, License/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute (v) Electricity Bill/Telephone Bill (not older than 3 months) (vi) UDYOG Aadhaar No. (vii) PAN no. of proprietor (viii) Identity/Address proof of proprietor (ix) The complete Income Tax return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/ acknowledged by the Income Tax Authorities (x) Utility bills such as electricity, water, and landline telephone bills in the name of the proprietary concern



	<p>(xi) Such other documents as may be mentioned under clause 8 of this KYC policy</p> <p>Any two of the above documents and proprietor's documents would suffice. These documents should be in the name of the proprietary concern.</p>
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SCNL may require additional information about investor for the purposes of satisfying obligations under the PMLA and hence, may take actions that it believes is necessary to comply with PMLA laws which include delaying or refusing any request to establish a relationship or process any transaction.

As per Rule 9(IA) of the Prevention of Money Laundering Rules, 2005 and any amendments thereto shall follow the below mentioned procedure specified for determination of Beneficial Ownership:

- A. Where the client is a person other than an individual or trust, SCNL shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:
 - (i) The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.
 - (ii) In cases where there exists doubt under (i) as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means
 - (iii) Where no natural person is identified under (i) or (ii) above, the identity of the relevant natural person who holds the position of senior managing official
- B. Where the client is a trust, SCNL shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.
- C. Where the client or the owner of the controlling interest is a Company listed on a stock exchange or is a majority-owned subsidiary of such a Company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

Annexure C: KYC documents for eligible FPIs under PIS

		FPI Type		
Document Type		Category I	Category II	Category III
Entity Level	Constitutive Documents (Memorandum and Articles of Association, Certificate of Incorporation etc.)	Mandatory	Mandatory	Mandatory
	Proof of Address	Mandatory (Power of Attorney {PoA} mentioning the address is acceptable as address proof)	Mandatory (Power of Attorney mentioning the address is acceptable as address proof)	Mandatory other than Power of Attorney



	PAN Card	Mandatory	Mandatory	Mandatory
	Financial Data	Exempted *	Exempted *	Mandatory
	SEBI Registration Certificate	Mandatory	Mandatory	Mandatory
	Board Resolution	Exempted *	Mandatory	Mandatory
Senior Management (Whole Time Directors / Partners/ Trustees/ etc.)	List	Mandatory	Mandatory	Mandatory
	Proof of Identity	Exempted *	Exempted *	Entity declares* on letter head full name, nationality, date of birth or submits photo identity proof
	Proof of Address	Exempted *	Exempted *	Declaration on Letter Head *
	Photographs	Exempted	Exempted	Exempted *

Authorized Signatories	List and Signatures	Mandatory – list of Global Custodian signatories can be given in case of PoA to Global Custodian	Mandatory - list of Global Custodian signatories can be given in case of PoA to Global Custodian	Mandatory
	Proof of Identity	Exempted *	Exempted *	Mandatory
	Proof of Address	Exempted *	Exempted *	Declaration on Letter Head *
	Photographs	Exempted	Exempted	Exempted *
Ultimate Beneficial Owner (UBO)	List	Exempted *	Mandatory (can declare "no UBO over 25%")	Mandatory
	Proof of Identity	Exempted *	Exempted *	Mandatory
	Proof of Address	Exempted *	Exempted *	Declaration on Letter Head *
	Photographs	Exempted	Exempted	Exempted *

* Not required while opening the account. However, FPIs concerned may submit an undertaking that upon demand by Regulators/Law Enforcement Agencies the relative document/s would be submitted to SCNL.

@@ FPIs from certain jurisdictions where the practice of passing Board Resolution for the purpose of opening bank accounts etc. is not in vogue, may submit 'Power of Attorney granted to Global Custodian/Local Custodian in lieu of Board Resolution'

Category	Eligible Foreign Investors
I.	Government and Government related foreign investors such as Foreign Central Banks, Governmental Agencies, Sovereign Wealth Funds, International/ Multilateral Organizations/ Agencies.
II.	<ul style="list-style-type: none"> - Appropriately regulated broad-based funds such as Mutual Funds, Investment Trusts, Insurance - /Reinsurance Companies, Other Broad-Based Funds etc. - Appropriately regulated entities such as Banks, Asset Management Companies, Investment Managers/ Advisors, Portfolio Managers etc. - Broad based funds whose investment manager is appropriately regulated. - University Funds and Pension Funds. - University related Endowments already registered with SEBI as FII/Sub Account.
III.	All other eligible foreign investors investing in India under PIS route not eligible under Category I and II such as Endowments, Charitable Societies/Trust, Foundations, Corporate Bodies, Trusts, Individuals, Family Offices, etc.

Annexure-D: Considering the business model of SATIN Procedure for obtaining KYC information

For undertaking CDD, SCNL shall obtain the following information from an individual while establishing an account-based relationship or while dealing with the individual who is a beneficial owner, authorized signatory or the power of attorney holder related to any legal entity:

(a) the Aadhaar number where,

- he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or
- he decides to submit his Aadhaar number voluntarily to the Company notified 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 out or any OVD or the equivalent e-document thereof containing the details of his identity and address; and

(ac) the Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and

(ad) 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:

Provided that where the customer has submitted,

- Aadhaar number under clause (a) above to the Company notified under first proviso to sub-section (1) of section 11A of the PML Act, the Company shall carry out authentication of the customer's Aadhaar number using e-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, he may give a self-declaration to that effect to the Company.
- proof of possession of Aadhaar under clause (aa) above where offline verification can be carried out, the Company shall carry out offline verification.



- iii. 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.
- iv. 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.
- v. any other documents as mentioned under Clause 8 of this KYC policy

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

Provided further that in case e-KYC authentication cannot be performed for an individual desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 owing to injury, illness or infirmity on account of old age or otherwise, and similar causes, the Company shall, apart from obtaining the Aadhaar number, perform identification preferably by carrying out offline verification or alternatively by obtaining the certified copy of any other OVD or the equivalent e-document thereof from the customer. CDD done in this manner shall invariably be carried out by an official of the Company and such exception handling shall also be a part of the concurrent audit as mandated in Section 8 of the KYC Master direction. The Company shall ensure to duly record the cases of exception handling in a centralised exception database. The database shall contain the details of grounds of granting exception, customer details, name of the designated official authorising the exception and additional details, if any. The database shall be subjected to periodic internal audit/inspection by the Company and shall be available for supervisory review. SCNL 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 of business relationship/ account-based relationship and thereafter, as necessary; customers shall 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 the company's end.

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 his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required as per proviso (i) above.

Biometric based e-KYC authentication can be done by bank official/business correspondents/business facilitators.

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.

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

- i. There must be a specific consent from the customer for authentication through OTP.
- ii. As a risk-mitigating measure for such accounts, company shall ensure that transaction alerts, OTP, etc., are sent only to the mobile number of the customer registered with Aadhaar. Company shall have a board approved policy delineating a robust process of due diligence for dealing with requests for change of mobile number in such accounts.
- iii. the aggregate balance of all the deposit accounts of the customer shall not exceed rupees one lakh. In case, the balance exceeds the threshold, the account shall cease to be operational, till CDD as mentioned at (v) below is complete.

- iv. the aggregate of all credits in a financial year, in all the deposit accounts taken together, shall not exceed rupees two lakh.
- v. As regards borrowal accounts, only term loans shall be sanctioned. The aggregate amount of term loans sanctioned shall not exceed rupees sixty thousand in a year.
- vi. Accounts, both deposit and borrowal, opened using OTP based e-KYC shall not be allowed for more than one year unless identification as per Section 16 of the KYC Master Direction or as per Section 18 (V-CIP) of the KYC Master Direction is carried out. If Aadhaar details are used under Section 18, of the KYC Master Direction the process shall be followed in its entirety including fresh Aadhaar OTP authentication.
- vii. If the CDD procedure as mentioned above is not completed within a year, in respect of deposit accounts, the same shall be closed immediately. In respect of borrowal accounts no further debits shall be allowed.
- viii. A declaration shall be obtained from the customer to the effect that no other account has been opened nor will be opened using OTP based KYC in non-face-to-face mode with any other RE. Further, while uploading KYC information to CKYCR, REs shall clearly indicate that such accounts are opened using OTP based e-KYC and other REs shall not open accounts based on the KYC information of accounts opened with OTP based e-KYC procedure in non-face-to-face mode.
- ix. The Company shall have strict monitoring procedures including systems to generate alerts in case of any non-compliance/violation, to ensure compliance with the above-mentioned conditions.

Annexure-E :Digital KYC Process

A. The company shall develop an application for digital KYC process which shall be made available at customer touch points for undertaking KYC of their customers and the KYC process shall be undertaken only through this authenticated application of the company.

B. The access of the Application shall be controlled by the company and it should be ensured that the same is not used by unauthorized persons. The Application shall be accessed only through login-id and password or Live OTP or Time OTP controlled mechanism given by the company to its authorized officials.

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

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

E. The Application of the company shall have the feature that only live photograph of the customer is captured and no printed or video-graphed photograph of the customer is captured. The background behind the customer while capturing live photograph should be of white colour and no other person shall come into the frame while capturing the live photograph of the customer.

F. Similarly, the live photograph of the original OVD or proof of possession of Aadhaar where offline verification cannot be carried out (placed horizontally), shall be captured vertically from above and water-marking in readable form as mentioned above shall be done. No skew or tilt in the mobile device shall be there while capturing the live photograph of the original documents.

G. The live photograph of the customer and his original documents shall be captured in proper light so that they are clearly readable and identifiable.

H. Thereafter, all the entries in the CAF shall be filled as per the documents and information furnished by the customer. In those documents where Quick Response (QR) code is available, such details can be auto-populated by scanning the QR code instead of manual filing the details. For example, in case of physical Aadhaar/e-Aadhaar downloaded from UIDAI where QR code is available, the details like name, gender, date of birth and address can be auto-populated by scanning the QR available on Aadhaar/e-Aadhaar.

I. Once the above mentioned process is completed, a One Time Password (OTP) message containing the text that 'Please verify the details filled in form before sharing OTP' shall be sent to customer's own mobile number. Upon successful validation of the OTP, it will be treated as customer signature on CAF. However, if the customer does not have his/her own mobile number, then mobile number of his/her family/relatives/known persons may be used for this purpose and be clearly mentioned in CAF. In any case, the mobile number of authorized officer registered with the Company shall not be used for customer signature. The Company must check that the mobile number used in customer signature shall not be the mobile number of the authorized officer.

J. The authorized officer shall provide a declaration about the capturing of the live photograph of customer and the original document. For this purpose, the authorized official shall be verified with One Time Password (OTP) which will be sent to his mobile number registered with the company. Upon successful OTP validation, it shall be treated as authorized officer's signature on the declaration. The live photograph of the authorized official shall also be captured in this authorized officer's declaration.

K. Subsequent to all these activities, the Application shall give information about the completion of the process and submission of activation request to activation officer of the company, 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 company shall check and verify that:- (i) information available in the picture of document is matching with the information entered by authorized officer in CAF. (ii) live photograph of the customer matches with the photo available in the document.; and (iii) all of the necessary details in CAF including mandatory field are filled properly.;

M. On Successful verification, the CAF shall be digitally signed by authorized officer of the Company who will take a print of CAF, get signatures/thumb-impression of customer at appropriate place, then scan and upload the same in system. Original hard copy may be returned to the customer.

N. In order to improve customer service and reduce cost company may outsource some/all of these activities. However, notwithstanding anything contained therein the decision to accept the customer will be with the company or its officials only.



